Business India

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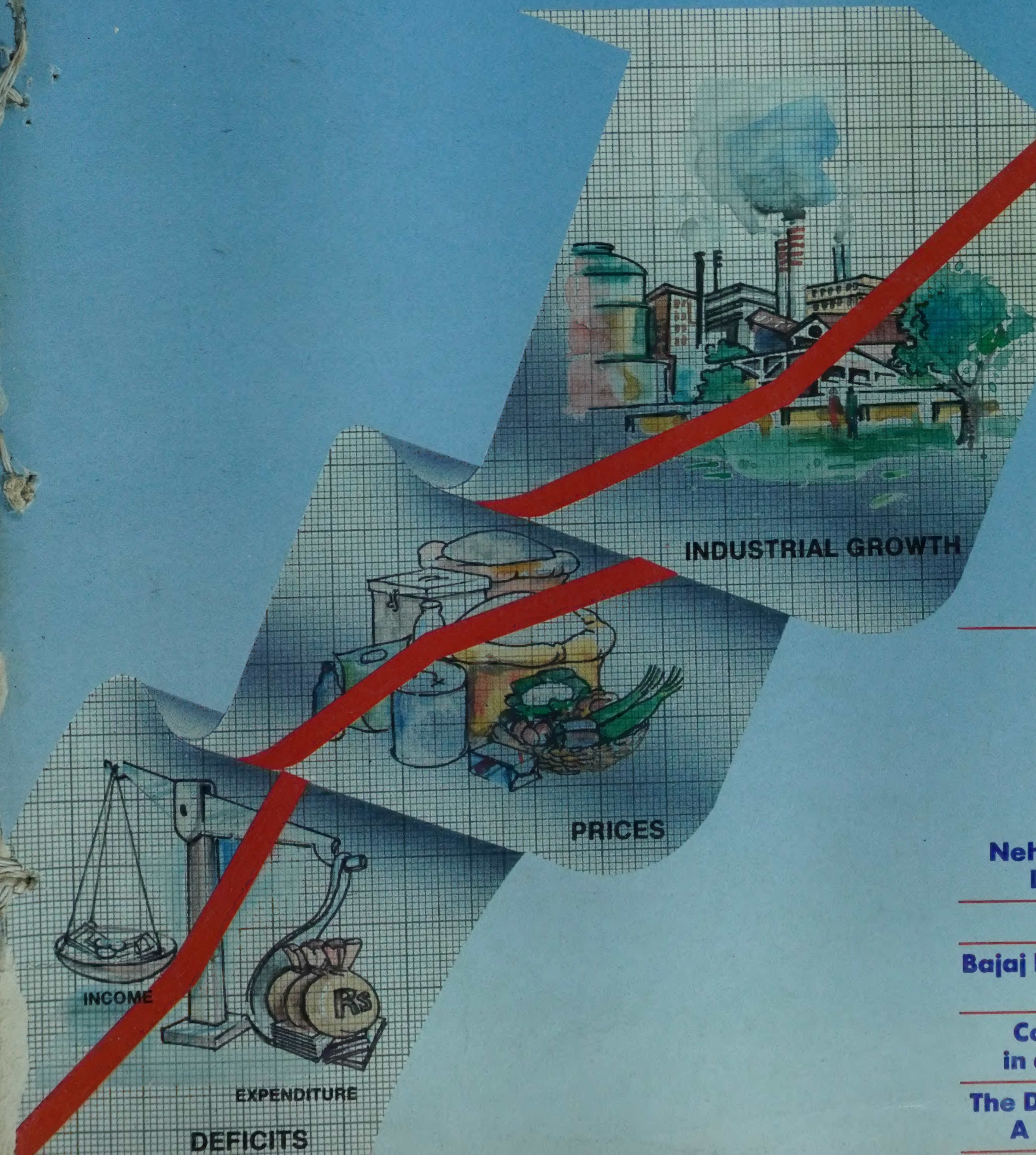
ECONOMY AND BUSINESS UNDER RAJIV



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LETTER FROM THE PUBLISHER

Five years ago, when the mantle of leadership fell on Rajiv Gandhi there was an unprecedented euphoria over the political and economic future of the country. The young Rajiv, as yet untainted by the rough and tumble of Indian politics, seemed committed to provide a clean, efficient government and a liberal, more market-oriented direction to the economy. His entry into government was backed by a landslide victory at the hustings. No prime minister, including Jawaharlal Nehru, had such an overwhelming mandate for change. Today, the image and prestige of the Rajiv government has taken such a beating that it is hard to believe it started on such a good wicket. Communalism, casteism and regionalism are rampant. Corruption is now all pervasive. The Bofors deal has made the entire polity cynical about "clean" public life. Major political problems facing the country — Punjab, J&K, Sri Lanka–remain unresolved.

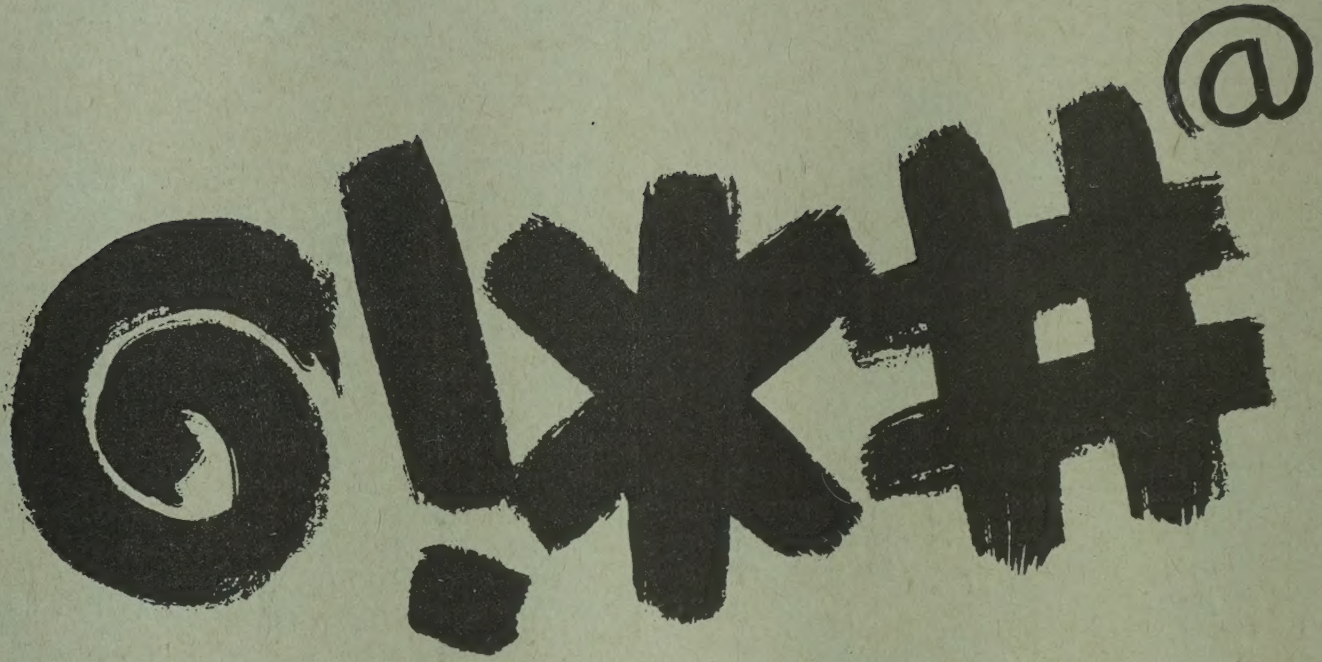
However, despite the incredible political bumbling which has eroded much of the public confidence in and goodwill for the prime minister, we would, after considerable soul searching, still vote for him. This is because of two reasons. One, the major positive contribution of the Rajiv government has been in the economic sphere. If given yet another term, we believe it will not only carry economic reforms further but also might be in the best position to make them more radical. Already, the last 5 years have witnessed impressive industrial growth, much better living standards for the middle class and a boom in the capital markets. Most important, business psychology has undergone a profound change: big size, large profits, are no longer bad words, and getting a licence is no longer a key to success. Instead, technology, efficiency, competition are the new buzzwords. For the first time, the much harassed Indian consumer has begun to call the shots. We believe this is a quiet, but momentous change brought about by Rajiv with wide political and social ramifications in the long run.

Two, we think a Rajiv government might be better suited to carry through a cohesive economic programme. The opposition is a coalition of parties and individuals with contradictory ideologies and economic ideas. If elected, it is less likely to have a coherent economic programme. Moreover, it is likely to be so caught up in trying to stay together that it may not have much time or energy to concentrate on economic matters. And then, there is always the populist temptation to backtrack on if not reverse the previous government's policies of liberalisation.

Business India has consistently argued that so far, liberalisation has not altered the basic regulatory framework, of the last forty-odd years, which, we believe, is now counter-productive. This is necessary if economic and particularly industrial growth is to be speeded up, which alone can reduce the social and political tensions of the kind that are building up today. There is no guarantee of course that Rajiv Gandhi will push such radical restructuring through. But it is even less likely that the opposition which still seeks to dominate the commanding heights of the economy will do so.

At best, with continuing liberalisation one can only hope that the average Indian, having tasted the fruits of rapid economic growth will firmly reject any attempt to go back to high prices and rigid controls.

Ashok H. Advani



• The Telco conflict

Your cover feature on Telco, 'Tough Times' (16 October) was a well balanced analysis of the view of both parties of the Tatas-Nair conflict at Pune.

The attitude of the management — house of the Tatas — is not uniform or consistent. On the one hand, is an employer like Rusi Mody of Tisco whose attitude towards labour is generally optimistic, favourable and benevolent. On the other hand is Ratan Tata of Telco who, though not anti-labour, is very paternalistic. His terms and conditions of employment at Telco are generally acceptable to workers. But he wishes to do what he feels is right for the workers. His philosophy is "papa, and not Rajan Nair knows the best". His espousal of TEU is the case in point.

Industrial peace will soon be at hand if the Tatas attempt to go to the root of the issue rather than remain at the periphery. Rajan Nair and his comrades too should realise that trade unions ought to develop the philosophy of obligations keeping in mind the privileges they already have.

R.C. KHANNA
Amritsar

• Sugar prices

In Focus (16 October), it is reported that the Central government will fix only a notional price for sugar, while the state governments will fix a substantially higher procurement price. As a representative of the farmers and also a member of the Tamil Nadu Sugarcane Growers' Federation, I seek to clarify the following points.

The Centre is fixing the notional price as per the Bhargava Commission formula. Under this, the farmers are entitled to an additional cane price, 50 per cent of the open market sale — levy price, under Sec.5A of the sugarcane control order. Hence this price will not increase the cost of production.

In Tamil Nadu, the private sector sugar mills pay only the statutory central minimum price. The state government has not announced the additional cane prices under Sec.5A for the past four years. Hence, the farmers are not benefited, while the Tamil Nadu government gets Rs.42 per tonne of sugarcane as purchase tax, the highest in the country.

According to the minister for food and civil supplies, no state government has fixed the cane price at less than Rs.33 per quintal. But the Tamil Nadu farmers get only Rs.25 per quintal.

M. ARUMUGAM
Pennadam

• Misquoted

We refer to the article on pharmaceutical exports ('Quantum leap', 16 October).

Your correspondent had met me some time back to get details of the export performance of pharmaceutical products and I gave him the information to the extent available with us. However, referring to the issue in which this article appeared, I find that my statements in general have been quoted out of context including misquoting of the following:

"We are not getting adequate response from the embassies. Hence we have to approach traders in Hong Kong and Singapore to push our sales."

In this connection, what I had really stated was that embassies could also be one of the sources of information for export possibilities.

ATMA GUPTA
Chairman, Armour Chemicals Ltd
Bombay

• MRF's shareholders

Your Cover Feature on MRF (2 October) was interesting. With an equity base of just Rs.3.86 crore, MRF has a turnover of Rs.743 crore, gross profit of Rs.55 crore, net profit of Rs.25 crore, giving it an EPS of 43, more than double that of its nearest competitor (figures for 18 months). The company spent over Rs.12 crore on advertisements, and this figure should be easily surpassed this year. It is doubtful if any other Indian company can match these statistics.

Yet, MRF has treated its shareholders shabbily. They have been rewarded with a bonus in the ratio of 1:3, way back in 1975, whereas practically every other tyre company has rewarded its shareholders more appropriately. I wish you had dwelt more on this aspect, in an otherwise excellent article.

XERXES J. PARAKH
Bombay

• Suicidal decision

The policy of the state governments in imposing curbs on the exploitation of granite is absurd and suicidal ('A hard decision', 2 October). With a stroke of the pen they have killed the goose that lays the golden eggs. While thousands of quarry hands have become jobless, the states' treasuries have lost a good amount of revenue, by way of royalty payments. The export of raw blocks has become a trickle thus depriving the country of valuable foreign exchange.

Unlike any other natural material, in the case of granite, only the best can be economically processed and exported. On account of inherent natural defects, (only some of which are visible to the naked eye, while certain major defects, like hairline cracks, show up only during the final stages of polishing), it is foolish to apply to granite the guidelines that may be valid for other industries in the case of value addition. The yield of granite from the raw material stage to its processed stage as a saleable product for export is very low (about 10 per cent) and the wasted material cannot be salvaged economically.

The state governments should call for detailed analysis of the overall performance of granite processing factories. It is only then that any formulation of policy would become meaningful. In the meantime, the governments should desist from restricting the export of raw blocks which earn good revenue.

D. KAUSHIK
Bangalore

• Out of context?

References have been made in your Corporate Report on Nirlon (2 October) to our special audit report (SAR) and the statement showing the findings of the board of the company (which is an independent board on which nominees of the financial institutions and the BIFR sit), on certain points in our SAR and our observations on such findings.

The SAR and the statement are confidential documents. Hence, we do not understand how your correspondent gained access to them. We would only state that references to certain observations, in a report or a statement quoted out of context, and inferences drawn there from unilaterally by a correspondent, can lead to a misunderstanding on the part of your readers about the correct implications of the report and or the observations.

Haribhakti & Co
Chartered Accountants
Bombay

• Through the roof

In the report 'New roofing material' (News and Events, 2 October) red mud plastic (RMP) is said to have been brought to India for the first-time by Regal Polymers Ltd. We are the pioneers of this roofing material in India and have been producing and marketing this product. Our RMP product was also advertised in your issue dated 19 October 1987!

R. SHRIDHAR
Marketing Manager
Lotus Roofings Pvt. Ltd.
Madras

Hardly foolproof

Your issue of 18 September was very interesting. I would like to comment on a few of the articles therein.

In 'Fixers beware', about voting machines, you have implied that they are incapable of being rigged. But you are wrong. There is a very simple method of rigging these electronic machines. They can be programmed in such a way that, every fifth vote goes in favour of a particular candidate. This form of rigging is very difficult to detect, except by experienced hands.

Regarding the bunching of mega issues (Cover Feature), premiums have been fixed at very high levels for companies which have no consistent track record at all. Thus, Berger Paints, claiming that its market rate was very high, issued shares of Rs.10 for Rs.45. But now the market rate is just Rs.45, indicating that the people who invested in it have made nothing from it even after so many months. Similarly Raipur Alloys, when it went to the public, said it fixed the share price at Rs.30, considering that the market price then was Rs.130. Soon after, even before allotment, the price crashed to Rs.60. Thus companies going to the public boost their share prices artificially for some time or till the issue is over. In the process, it is the small investor who is duped.

A. SRINIVASA MURTHY
Secunderabad

Much soap, no lather

The "Liril vs Cinthol Lime" controversy (Follow up, 4 September) throws up much dust. Apart from their flag-bearer Cinthol, Godrej has a wide range of toilet soap brands in the market: Crowning Glory, Marvel, Fresca, Vigil. Some of them are claimed to be "premium products in the popular price range" (whatever that may mean). Their competitors, Hindustan Lever, do not lag behind either.

While the premium soaps improve in quality and are exotically perfumed, the popular ones are being filled with clay and other mineral matter in the guise of price control. In the bargain, the ISI specifications for toilet soaps have been thrown overboard.

N.G. WAGLE
Bombay

Suitability of jobs

There is a certain tendency to club the jobs of personnel and labour management under the umbrella of industrial relations manager.

Having been in the field of personnel management & human resources development for thirty years, I feel that the nature of jobs like industrial relations manager and personnel manager are palpably different. The industrial relations manager is mainly concerned with matters pertaining to workers in a factory, whereas, the personnel manager is more concerned with matters pertaining to officers and subordinate staff.

The socio-economic background, life style and the psychology of the industrial workers and therefore, their needs, aspirations and expectations being different from those of officers and other white collar workers, it is natural that the manner of dealing with these two different categories is different. A person adept at establishing a rapport with office personnel, may have no flair for dealing with workers.

The two jobs call for two different personalities. Those who do so, successfully deserve to be called human resources development personnel. In most cases, however, managements would do well to engage two separate managers, each of whom should report directly to the chief executive.

S.ARIF BASHIR
New Delhi

More information

The information contained in the stockmarkets section appears outdated to a certain extent. For example, results of companies are given for year ended March '87 (eg Andrew Yule), July '87 (Andhra Scooters) and June '87 (Ahm. Calico, Khoday Distilleries) to cite a few, whereas I presume the results of these companies would have been declared either for the year '88 or '89.

The section requires updating in the concerned cases. Also, it would be better if the list is expanded to include more companies and also certain other information like the turnover, gross profit, net profit, etc, could be given so that readers get all the required information in one place, instead of having to run around seeking other investment magazines.

G. KANNAN
Bangalore

Investor protection

Through your pages, let me request the Central government to take some suitable steps to protect the investors interest. The Companies Act 1956, Section 77 must be amended to include a provision for the buy-back of shares from small investors. This buy-back facility is given by the promoters to the financial institutions to purchase their own company's shares. Why is this facility not accorded to the small investors?

The safety net provisions for new issue/rights issue are necessary as the companies issue shares at a premium but after the public issue, the price quoted is far lower. For instance, Garden Silk Mills, Cosmo Films, Orkay Silk Mills, etc.

The US, France, West Germany and Belgium have provision for buy-back of the company's own shares by the companies themselves.

DARSHAN SINGH RAWAT
Udaipur

LIKE FATHER, UNLIKE SON

by Joran

Selling the unseen

The world of advertising is known for its innovativeness. Whatever the product, TV ads nowadays show you pretty faces, kids, beautiful landscapes and, of course, the product itself. But just imagine an ad which shows everything except the product itself. This was precisely Nissan's strategy to launch its new upscale car model Infiniti in the American market. The visuals include rock formations and birds, but there's nary a trace of metal or rubber tyres. This advertising concept, they say, has been so successful in arousing consumer interest that the company has been besieged by enquiries. Ad motto for 21st century: Invisibility sells!

ATUL MATHUR
Kanpur

The car menace

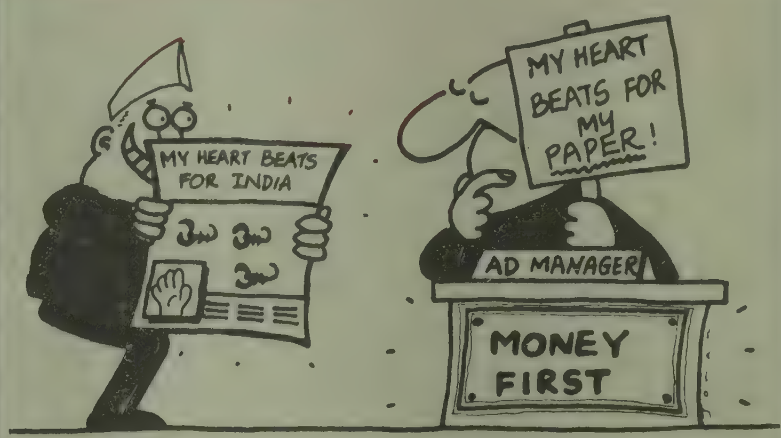
All those little Marutis that zip around so innocently can be quite harmful to your health. Highlighting the hazards posed by the proliferation of motor vehicles, Micheal Renner, an American researcher, has advised that developing countries should follow the example of China and not the US in this regard.

In China, there is one motor vehicle for every 2,000 persons, as against an automobile for every two persons in the US.

Renner points out that more cars lead to depleted oil reserves, impaired human health, a degraded environment including acid rain, erosion of buildings and the global warming effect. His findings, publicised by the Worldwatch Institute of Washington, present some more disturbing facts. About 75 million Americans live in areas where the air quality is below minimum standards. Smog in Athens claims six lives a day. In Calcutta, 60 per cent of the city's population suffers from respiratory diseases.

The increasing number of vehicles cause traffic congestion and accidents. Vehicle congestion has lowered the average speed to nearly 13 kmph in London, and even less in Tokyo. Accidents are increasing in the Third World, where fatalities per km travelled are often 20 times higher than in industrial countries.

A heartfelt warning



The Congress has indeed moved full throttle on its my-heart-beats-for-India ad campaign. But in certain quarters hearts are skipping a beat or two. In a circular to its members dated 29 October 1989, the Indian Newspaper Society rings a warning bell to all those publications which happily accept election ads. The INS reminds its over-enthusiastic members that "huge amounts have been lost in the past, as a result of non-payment by the advertising agencies, which obviously had been due to non-receipt of counter-payments from the advertisers".

The INS advice, therefore, is simple: Accept election ads against cash only.

NAK
Bombay

Dear India!

The much touted slogan, *Mera Bharat Mahaan* (India is great), should be changed to the more appropriate *Mera Bharat Mahaag* (India is costly).

As proof, here is an extract from my personal record of expenses.

Item	Oct.88 (Rs.)	Oct.89 (Rs.)	Rise
Groundnuts	11.00/kg	15.00/kg	36.364%
Groundnut oil	21.50/kg	28.50/kg	32.56%
Tea	44.00/kg	70.00/kg	59.09%
Biscuits	18.00/kg	22.00/kg	22.22%
Milk	5.50/litre	7.00/litre	27.27%
Paper bill (monthly) (*Maharashtra Times*)	34.00	42.00	23.53%
Sugar	6.00/kg	9.00/kg	50.00%

A.A. KAMBHOJKAR
Sangli

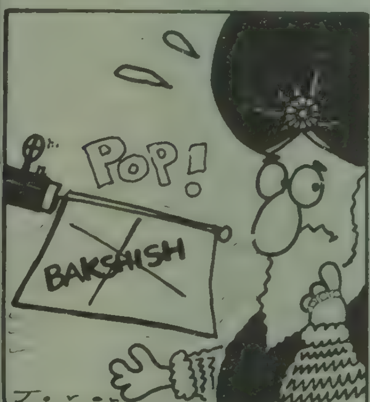
Business India invites readers to send original unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Rs.50 paid for each published contribution.

Turkish *bakshish*

Apart from the Winchester and the Colt, the other famous American gun empire is that of Eliphalet Remington. It all really began when Eli who was in his teens was refused a gun by his father. So Eli just went to work and made his own gun.

Soon many citizens came to know about it and young Eli was in business making customised guns for his



clients. Two years later in 1818, Remington's business began to flourish with the outbreak of the US-Mexican war. He finally collapsed and died during the American Civil War, due to overwork.

The firm continued. In 1867 came its biggest peacetime order of 12,000 rifles for the US navy. Then Spain ordered 85,000. Next year Sweden purchased 30,000, Egypt another 50,000. Still more huge orders followed. 145,000 for France, 130,000 more for Spain, another 55,000 for Egypt, 89,000 for Cuba and 21,000 for the New York State police.

For all this the biggest 19th century order got away. The staid Remington Company refused to pay *bakshish* for a 400,000 gun order from the Sultan of Turkey and the contract was placed elsewhere.

In this century, gunmakers have no such compunctions. Right, Bofors?

K.S. MANOHAR
Manmad

How to irritate your secretary

It was bound to happen. Stress has percolated down to secretaries from their bosses. According to a survey, amongst 312 secretaries who took part in a London Secretary Show, the number one stress causing factor is 'being constantly interrupted when they are busy'.

Other top ten irritants cited included bosses being too demanding, having to work with smokers, photocopiers constantly breaking down, and being considered the general office dogsbody. Surprisingly, sexual harassment figured at the bottom of the list, and 75 per cent denied that it was a problem at work.

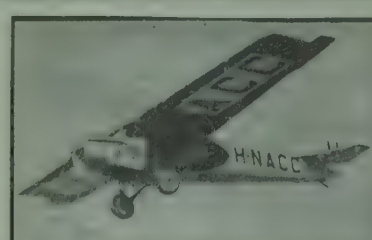
A large proportion had a grouse against modern technology which can be more of a hindrance than a help — 69 per cent complained that their photocopiers were unreliable, inadequate or old; an equal percentage said a major headache was the fax being constantly engaged. Bosses, understandably, were deemed to be disruptive too. 77 per cent complained that their bosses gave them urgent work to do just as they were about to go home.

Pushy salesmen are considered another bugbear. Nearly half said that they wasted too much time dealing with salesmen who don't take 'no' for an answer.

According to the organisers, a printing and office supplies firm, the survey was undertaken to find out "in what kind of environment a key group of our customers work, as we were keen to establish further ways in which we might be able to serve them". Well, now they should know.

RAMESH KUMAR
Bangalore

Flying Dutchman



As aviation history goes, the Dutch were the first to do it. The world's first commercial airline, KLM was set up seven decades ago by a flying Dutchman. Albert Plesman, an enterprising pilot who founded KLM, was its president until 1953.

The first flight on a leased De Havilland was a four-hour hop from London which landed at Schipol, carrying its full load of two passengers. They had been supplied with a leather coat, flying helmet, goggles, gloves and hot water bottle to endure the journey. KLM's first aircraft acquisitions were four Fokkers and these newly designed planes could carry four passengers. The pilot was seated in an open cockpit and communicated with his passengers by notes pushed through a hatch.

In 1924, KLM entered the era of international flights — a trip from Amsterdam to Jakarta took all of 55 days. Ten years later, the airline had modernised — its 14 seater Douglas DC-2 had a speed of 270 km/hour and trappings like an auto-pilot and retractable landing gear.

World War II destroyed Schipol airport and put KLM totally out of gear, but only temporarily. Though the airline lost nearly all its aircraft, Plesman went about determinedly rebuilding. Six months after the war, KLM had not only reactivated its pre-war network to Indonesia and the US, but also extended its reach to Australia.

Today it has 73 aircrafts, 11 helicopters and its network covers 1,400 cities in five continents. As many as 6.9 million passengers and 443,000 tonnes of cargo are transported all over the globe every year. Obviously, they've stopped handing out those flying helmets!

Will Spencers languish?

It is almost a year since the RPG group took over Spencers of Madras. At that time the group was bidding seriously for Kothari General Foods (KGF). It was assumed that the Spencers' retail and marketing network would come in handy when the acquisition came through. However the KGF deal fell through, and the RPG group does not seem to have any noticeable plans for Spencers. So far, they have not been able to find a suitable chief executive either. The prestigious real estate project in Madras is also not moving fast. So the question is: how long will Spencers also languish?

Unwanted and unloved banks

The trend of bank takeovers seems to be catching on. When the Reserve Bank of India (RBI) declared a moratorium on United Industrial Bank (UIB), Allahabad Bank came to its rescue and the two were merged. After recent inspections, the RBI has declared a moratorium on four other scheduled banks as well from 19 August. Normally, the moratorium is in force for three months during which the government is supposed to decide on the merger of the banks with public sector banks.

In this case, however, none of the public sector banks are interested in taking over any of these banks, despite reports to the contrary in certain sections of the media. Until, of course, the RBI forces a few public sector banks to take over the affected ones. It is believed that State Bank of India may be saddled with at least one of the sick banks.

Delayed decision

Madras based EID Parry Ltd was one of the first companies to apply for a licence two years ago for a small sized fertiliser plant based on the technology developed by ICI, UK. Later, several others also wanted to go in for the 450 tonnes per day ammonia plant. It is well known that former minister of state for fertilisers Prabhu was not in favour of this technology which he felt was not proved. But ICI has recently licensed this technology to well known firms in West Germany and Japan, which proves the technology's credentials.

However, with the sudden announcement of the elections, it does not appear likely that a decision will be forthcoming in the near future.

When banks disagree

Can public sector banks work together in a common interest? Possibly not. The recent agreement reached between Dena Bank, Bank of India, Union Bank and Bank of Maharashtra to float a merchant bank jointly seems to have broken down. Bank of India is now going ahead on its own and setting up BOI Finance Ltd, which will be formally inaugurated on 15 November. BOI chairman R. Srinivasan, however, still thinks that a common merchant bank, on the lines of the broken agreement, is a good idea.

Srinivasan: still a good idea

Why pick a loser?

After a lull of two years, the Hindujas are believed to be again eyeing an Indian company. They are attempting to buy 22 per cent of the equity of W.G. Forge held by its US promoter, Wyman Gordon. Of the rest of the equity, the financial institutions hold 36 per cent, the public 38 per cent and founder director S.P. Rao, 4 per cent.

The company, with two forging units in Thane and Raigad in Maharashtra, has been lying closed since 1984 after a prolonged strike, followed by a lockout, in the early eighties. Its accumulated losses on 31 March 1984 stood at Rs.36 crore, against share capital of Rs.3.90 crore. The company also owes about Rs.40 crore to the financial institutions.

Why then are the Hindujas interested in a sick company with such huge liabilities? One major consideration could be that W.G. Forge, with its 15,000-tonne forgings capacity, could be a captive source of supply for Ashok Leyland, the second largest commercial vehicle unit in the country owned by the Hindujas. The other possible attraction could be the real estate holdings of the company in Thane (near Bombay) and Raigad.

Sick no more

The recent rush to manufacture sponge iron has given ideas to V.D. Chowgule of Chowgule Steamship Company. He is soon re-opening his sick and closed iron ore pelletisation plant, Mandovi Pellets Ltd, at Shiroda in Goa. This 1.8 million tonne joint venture between the Chowgules and SAIL ran into trouble in the early eighties on account of non-remunerative price offered by the Japanese (the only buyers) and frequent disruption in power supplies. The plant has remained shut for the past six years and the negative net worth of the company at the end of March 1988 was Rs. 2.25 crore, against share capital of Rs. 9.61 crore. The Chowgules are believed to have already negotiated for a large offtake of pellets with Grasim, and with Kalyani Steel for its upcoming sponge iron projects.

GOVERNMENT

GAIL, Birla units passed

The project approval board (PAB) of the Union government has approved the Gas Authority of India Ltd (GAIL)'s proposal to set up downstream units for the utilisation of half the ethylene to be produced from the gas cracker plant being set up at Auraiya. The PAB has also approved the C.K. Birla group's proposal to set up another downstream unit to utilise the other half of the ethylene production from the same unit.

The Auraiya gas cracker project will have an initial capacity to produce about 300,000 tonnes per annum of ethylene. GAIL proposes to set up two units to produce low density polyethylene (LDPE), and polyvinyl chloride (PVC) at an estimated cost of Rs.600 crore. The Birla downstream unit to manufacture high density polyethylene (HDPE) and LDPE is estimated to cost Rs.300 crore.

Euro-convertibles, a far cry

Applications by Tisco and Reliance Industries to meet foreign currency requirements by floating convertible bonds in the Euro-currency markets early this year have been put on hold by the Union finance ministry. The government is said to be debating whether Euro-convertibles would be cheaper than commercial loans. It is argued that while convertibles are cheaper than loans in the short run, the dividend on these bonds would be a perpetual drain on the foreign exchange reserves in the long run.

MODVAT panel

The Union government has set up a high power working group to review the working of Modified Value Added Tax (MODVAT) under the chairmanship of S. Venkataraman Iyer, member, Central Board of Excise and Customs (CBEC). The working group will examine the impact of the scheme on central excise revenue collection and possible simplification of the scheme.

Indo-Yugoslav pact

The governments of India and Yugoslavia have signed a pact on civil aviation to increase the frequency of flights between the two countries to increase bilateral trade. Yugoslavia has recently liberalised its legal frame work to attract free foreign investments in the country. The government of Yugoslavia also urged Indian businessmen to set up warehouses in the European country to facilitate India's participation in the common market that is due to start up in 1992.

Cost-linked farm price

The Union government has asked the commission of agricultural costs and prices to evolve an escalation formula for fixing crop procurement and support prices that would take into account hike in agricultural costs since the commencement of sowing and harvesting season.

At present, support prices are notified by the government before the sowing season to enable the farmers to rationally determine their cropping pattern. This system, however, does not take into account the increase in costs of inputs and the general price rise after sowing. Henceforth, the procurement and support prices would include wage costs on the basis of statutory minimum wages for agricultural labour or the actual wages paid, whichever is higher.

Cane price raised

The government has decided to raise the statutory minimum price of sugarcane payable by sugar factories for the 1989-90 sugar season from Rs.20 to 22 per quintal. The statutory minimum price for sugarcane in the 1990-91 season has also been fixed at Rs.23 per quintal. The ratio between levy and free sale sugar would, however, be maintained at 45:55, as per the last year's ratio.

Railway dividends

The Indian Railways will pay Rs.3,249 crore as dividend to the exchequer during the Seventh Five Year Plan. The Railways would also achieve a cumulative surplus of Rs.533 crore and are confident of achieving the targeted level of freight of 345 million tonnes at the end of the year with a surplus of Rs. 140 crore as projected in the 1989-90 budget.

ECONOMY

Fresh tax scrutiny

A new mechanism to eliminate the existing discretionary powers of income tax officials in selecting tax cases for random scrutiny is being evolved by the Union government. This is expected to ensure that scrutiny is not influenced by individual choice of the IT officials.

Tax cases are scrutinised at random by the income tax department to check the veracity of the declarations made by the assessees in their returns. A recently concluded conference of chief commissioners of income tax stressed the need for launching of prosecutions and early disposal of court cases. Other issues discussed were direct tax collections, reduction in tax arrears, detection of new assessees, and improvement in public relations by the income tax department.

Bonds issue

The Industrial Reconstruction Bank of India (IRBI) will be issuing its 16th series of bonds for Rs.57 crore to augment its resources. The issue price will be Rs.1,000 per bond. The bonds will carry an interest of 11.5 per cent per annum and will have a maturity of 20 years. The list will open on 20 November 1989 and will close on 22 November or earlier as soon as the issue is fully subscribed.

Japanese aid

Japan has extended an Overseas Development Assistance (ODA) loan of 91,164 million yen (approximately Rs.1,100 crore) to India. This is in addition to the 5,546 million yen loan extended in January this year for the modernisation of Burnpur Engineering Works, bringing the total amount of Japanese loans under Overseas Development Scheme (ODS) to 96,710 million yen in 1989.

From this year, Japan has decided to extend financial assistance up to 85 per cent of the total project cost in foreign or local currency. The ODS loan carries a very low interest of 2.5 per cent and is repayable in 30 years, including a grace period of 10 years. The major part of this year's loan will go to the power sector.

Tax base to be broadened

The Central Board of Direct Taxes (CBDT) is launching a massive effort to increase the number of tax payers. In the current financial year, the CBDT had received returns from only 71 lakh assessees. By the next year, the Board intends to add 10 lakh more assessees. So far, not more than five lakh new assessees have been added each year.

SIDBI bill passed

The long-awaited Small Industries Development Bank of India (SIDBI) bill 1989 has finally been made into an act. Under this act SIDBI would be set up as a principal financial institution for promoting, financing and developing industries in the small scale sector. Functioning as a wholly-owned subsidiary of Industrial Development Bank of India (IDBI) with an initial au-

thorised share capital of Rs.250 crore, SIDBI will also co-ordinate functions of all institutions engaged in financing the small scale sector. The headquarters is proposed to be based at Lucknow.

Imports funding

The official committee set up under the ministry of commerce last year to study the export performance of large industrial houses has recommended that each unit within the group should try to finance their imports with the foreign exchange earned through exports by the unit within three years commencing 1990-91. In the event of such an effort being not successful, efforts should be made to achieve the foreign exchange balance at the level of the group as a whole.

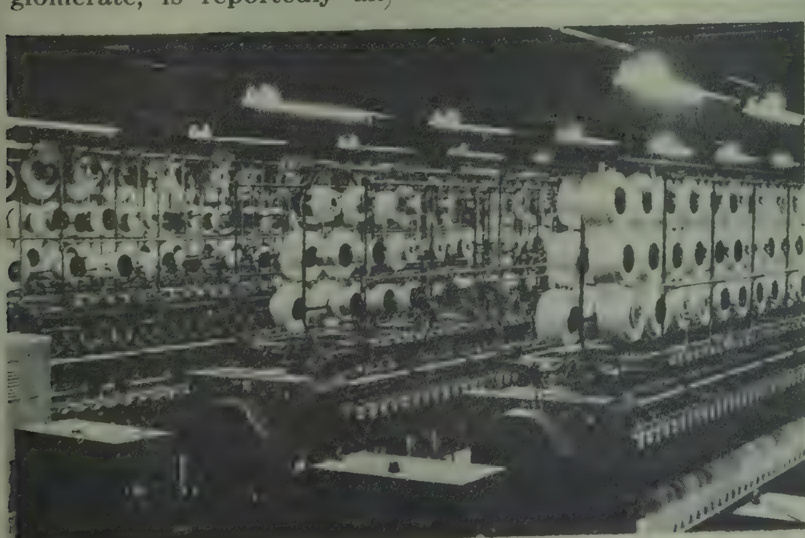
The committee has further recommended the delicensing of 100 per cent export-oriented units and those located in the free trade zones. A series of other measures which include the preparation of corporate plans for exports, imports of capital goods for export production at concessional rates of duty or no duty at all have also been mooted.

CORPORATE

Thapar-Du Pont cold vibes

Du Pont, the US chemical conglomerate, is reportedly unhappy with the long delay in sanctions for its proposed Nylon-66 joint venture with the Thapar group. It now proposes to shelve new collaborations with the Thapars, including a hydrogen peroxide project and another one to manufacture hitech spandex fibre, if the Nylon-66 project is not implemented soon.

A cartel of existing Nylon-66 manufacturers has claimed that the project will entail a perpetual drain on foreign exchange reserves. Out of a total cost of Rs.180 crore, Rs.30 crore of imported equipment will be needed for the nylon project. Of this, Rs.21 crore will be spent for new machinery.



New SAIL subsidiary

The Steel Authority of India Ltd (SAIL) is toying with the idea of setting up a company to exclusively handle the export of steel products and earn foreign exchange to finance its ambitious modernisation plans. SAIL will be the first public sector company to set up a 100 per cent export-oriented unit (EOU).

The proposed EOU will have to export 1.35 million tonnes of steel products to achieve a zero BoP situation for SAIL. At current prices, this should fetch Rs.932 crore for the country. Cold rolled coils may fetch the highest contribution in the export market. Non-flats, such as wire-rods and structurals, also show good promise of earning more foreign exchange.

India Glycols on stream again

India Glycols Limited, which was shut down for a month after running into technical snags, has resumed production. The first company in the world to manufacture mono ethylene glycol (MEG) from molasses, the Rs.90-crore complex is expected to reach 100 per cent capacity utilisation by December 1989. MEG is an unsubstitutable raw material (along with PTA and DMT) used in the manufacture of polyester staple fibre and yarns.

The company's share has been fluctuating in the stockmarket. It touched a peak of over Rs.60 and then dropped down to Rs.37. However, it increased to Rs.41 on news that the plant had re-started production.

Inchape to retain Assam Co

The Inchape Group of the UK, which holds 74 per cent of the equity in Assam Company (India) Ltd, will retain its stake in the company. "We don't sell our family jewels," said George Turnbull, chairman and CEO of Inchape plc, at a press conference in Calcutta recently. This finally set to rest persistent rumours about a takeover attempt on the prize FERA tea company.

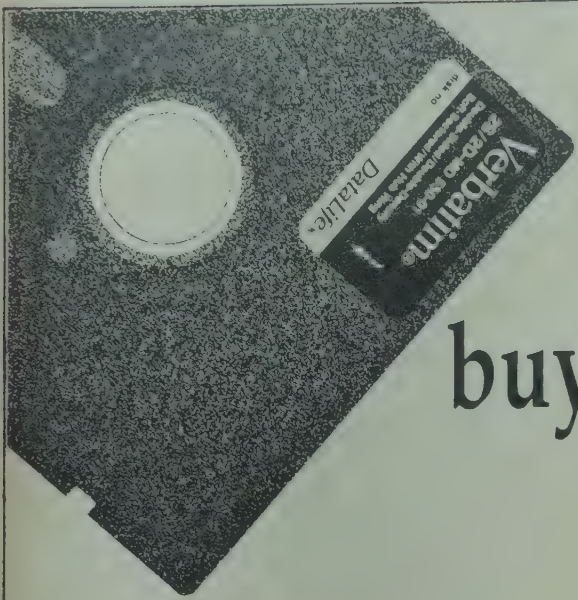
The Assam Company, with sales of 15 million kg of tea from its 16 gardens, reached a gross revenue of Rs.47 crore in 1988-89. Profit after tax was Rs.8.81 crore. It markets tea in India through the Lipton sales network. Over the past four years, the company has invested Rs.20 crore for modernising garden operations and to adopt new agricultural practices.

Banks merged

The United Industrial Bank (UIB) of Calcutta has been amalgamated with the Allahabad Bank. The UIB ceases to exist and all its branches will function as branches of the Allahabad Bank. The merger of the banks will not affect the employees or the depositors of UIB. The Allahabad Bank will meet all the liabilities of UIB towards its depositors. All depositors of that bank will be paid their deposits, including accrued interest, in full.

JK Cotton re-opening mooted

Uttar Pradesh chief minister N.D. Tiwari is keen to see the re-opening of JK Cotton Mills in Kanpur, which has been closed since 15 May this year. The JK management has applied to the financial institutions for a loan of Rs.20 crore to re-open the factory. The institutions have laid down two conditions for the loan — that they be allowed to appoint a financial controller for the mill and a guarantee be furnished by a viable group com-



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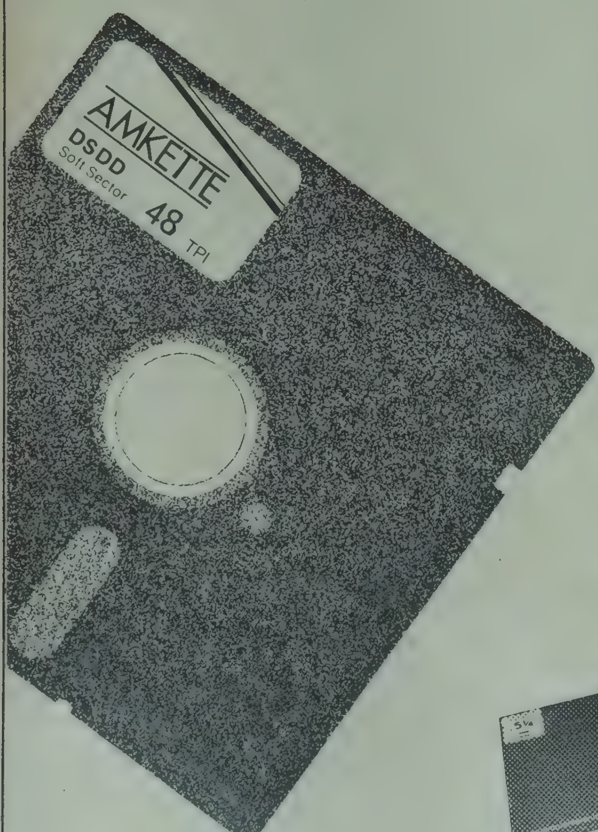

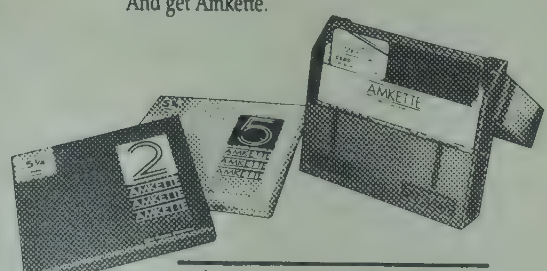

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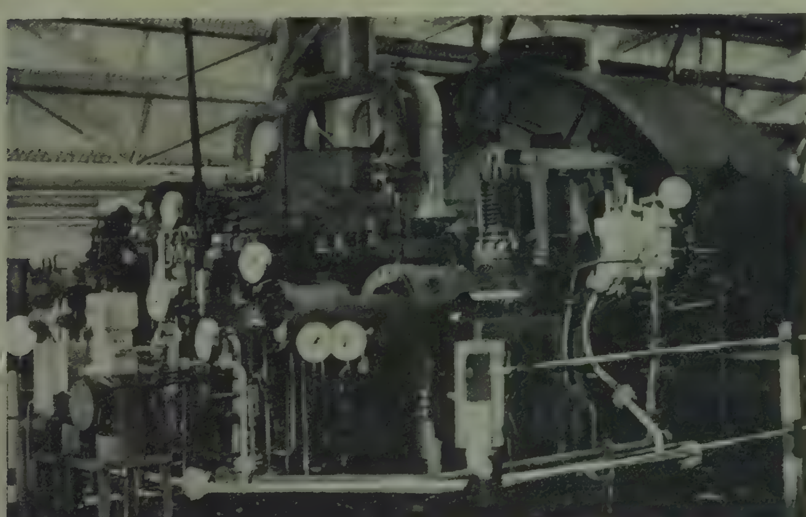
pany like JK Synthetics. Both these conditions, however, are not acceptable to JK management.

A consistant profit-earner earlier, JK Cotton is now strapped for funds. It has not been able to realise nearly Rs.40 crore from its dealers. Sundry debts have increased from Rs.5.59 crore in 1983 to Rs.26.53 crore in 1987-88. Moreover, the company has to pay Rs.75 lakh per month as interest on a loan of Rs.35 crore that it had taken to finance its modernisation scheme.

Record turnover at BHEL

The public sector giant, Bharat Heavy Electricals Limited (BHEL), has paid to the government of India a dividend of Rs.24.48 crore for the year 1988-89. The dividend cheque was presented in New Delhi to J. Vengala Rao, union minister for industry by P.S. Gupta, chairman and managing director, BHEL. The company contributed Rs.665 crore to the national exchequer by way of duties, taxes, interests and dividend.



The company registered a record turnover of Rs.2,620 crore and profit before tax of Rs.192.56 crore during 1988-89. This achievement was made possible in the face of increased input cost and unfavourable exchange rate variations. During the year, capital investment by the company was to the tune of Rs.65 crore on various new schemes, modernisation and development projects and this was fully funded from internal resources of the company. For the year 1989-90, BHEL has targeted for itself a turnover of Rs.2,850 crore.

DCL in full stream

DCL Polyesters Ltd commenced production at full installed capacity of 50,000 kgs of polyester yarn per day in September 1989. The project has been implemented under the project supervision of Tata Projects Ltd. The plant can be run on PTA or DMT and therefore the company is not dependent on one source of supply of its raw material requirements.

The company has appointed a network of dealers in Maharashtra, Gujarat and Madhya Pradesh. As per the company, its products have elicited a favourable response in the market, including power loom and handloom units. The company does not have to pay sales tax on PTA/DMT purchases and sale of yarns. The government has recently allowed the company to expand its capacity to 25,000 million tonnes a year under the minimum economic capacity scheme.

Amer bags ONGC contract

Amer Ship Management Pvt Ltd of Bombay, has been awarded a prestigious contract by ONGC against stiff competition from other Indian companies for charter of a jackup drilling rig for two years. Other bidders included Reliance, Essar Gujarat, Jindal Drilling and Mahindra & Mahindra. Amer Ship Management has technical collaboration with the Atlantic Drilling Company of Britain. The company has also quoted against a tender of the ONGC Videsh Nigam Ltd for charter of dynamically positioned drillship for the Socialistic Republic of Vietnam.

Approval for TVS

TVS Electronics, a pioneer in PC based fax communication in India, has obtained approval from the Telecommunication Engineering Centre (TEC) for its fax card — the TVS JT Fax — which enables the user to communicate with any G-III fax machine or a similar card anywhere in the world. It operates at a maximum speed of 4,800 bits per second (bps).

The product is designed to take advantage of the processing power of the PC and provide a low cost fax transceiver. The fax system consists of a half length card, powerful multifeatured software and the connecting cables. The software has been modified to operate most efficiently in Indian line conditions.

INDUSTRY

Garments export boom

Exports in garments during the first six months of the current year have surpassed the previous year's record. During January-September 1989, the exports reached Rs.2,342 crore, an increase of 40.47 per cent over the corresponding period of last year. The total exports during 1988 was worth only Rs.2,148 crore.

One of the reasons for this boom in garment exports is the substantial increase in exports to non-quota countries, which have increased by 65.55 per cent to Rs.552.63 crore in 1989. Exports to quota countries have gone up from Rs.1,333.54 crore to Rs.1,789.53 crore, a hike of 34.19 per cent.

Bid to raise electronic exports

In an attempt to achieve the export target of Rs.4,500 crore for electronic goods during the Eighth Plan, the Planning Commission has relaxed norms for value addition provisions laid down under the passbook scheme.

A report by the working group on the electronic industry has said that the export base in electronic hardware was very weak. Even in software, the domestic base needs to be strengthened in order to achieve success on the export front, says the report.

Tyre price increase again

Prices of tyres have, once again, been raised by 3 to 4 per cent by all leading tyre manufacturers.

The latest rise comes on the eve of elections and will make a truck tyre costlier by Rs.200 and an LCV tyre by Rs.100. Car tyres go up by Rs.28 while those of two-wheelers by Rs.10 on an average.

There was a price hike of 4 per cent in June this year and another one of six per cent in October 88. As usual tyre manufacturers blame the hike on rising input costs while tyre dealers say that the hike is disproportionately high. It is interesting to note that during the last two elections in 1980 and 1984 also tyre prices had gone up.

LABOUR

Threat to strike

S.R. Kulkarni, president of the All India Port and Dock Workers' Federation has threatened to intensify the agitation that the workers have resorted to during the last fortnight. His federation and other fraternal unions affiliated to it have been asking the union ministry of surface transport to raise the ceiling on bonus and pay a productivity-linked bonus to all workers including those drawing more than Rs.2,500 per month. At a rally held in Bombay, Kulkarni declaimed the port and dock authorities of "anti-labour policies and unfair labour practices".

RBI officers' strike

More than 6,000 officers of the Reserve Bank of India, went on a day's mass casual leave in the first phase of their agitation for wage revisions. The strike was called to press demands for higher dearness allowance, removal of discrepancies in retirement age between officers and employees and introduction of a pension scheme. In support of the striking RBI officers, Central Public Works Department (CPWD) and the National Bank for Agriculture and Rural Development (NABARD) officers have also threatened to join the strike, if the demands are not met.

Revival of Alind

A proposal for the revival of Aluminium Industries Ltd (Alind), Kerala's major engineering unit has been approved by the Board of Industrial Finance and Reconstruction (BIFR). Alind has been sick for more than two-and-a-half years now. According to the BIFR scheme, a rehabilitation loan of Rs.6 crore would be provided at concessional interest rates to the new promoters, S.J. Parekh of the Somani group.

All the 22 trade unions of the private sector company have agreed to the proposal.

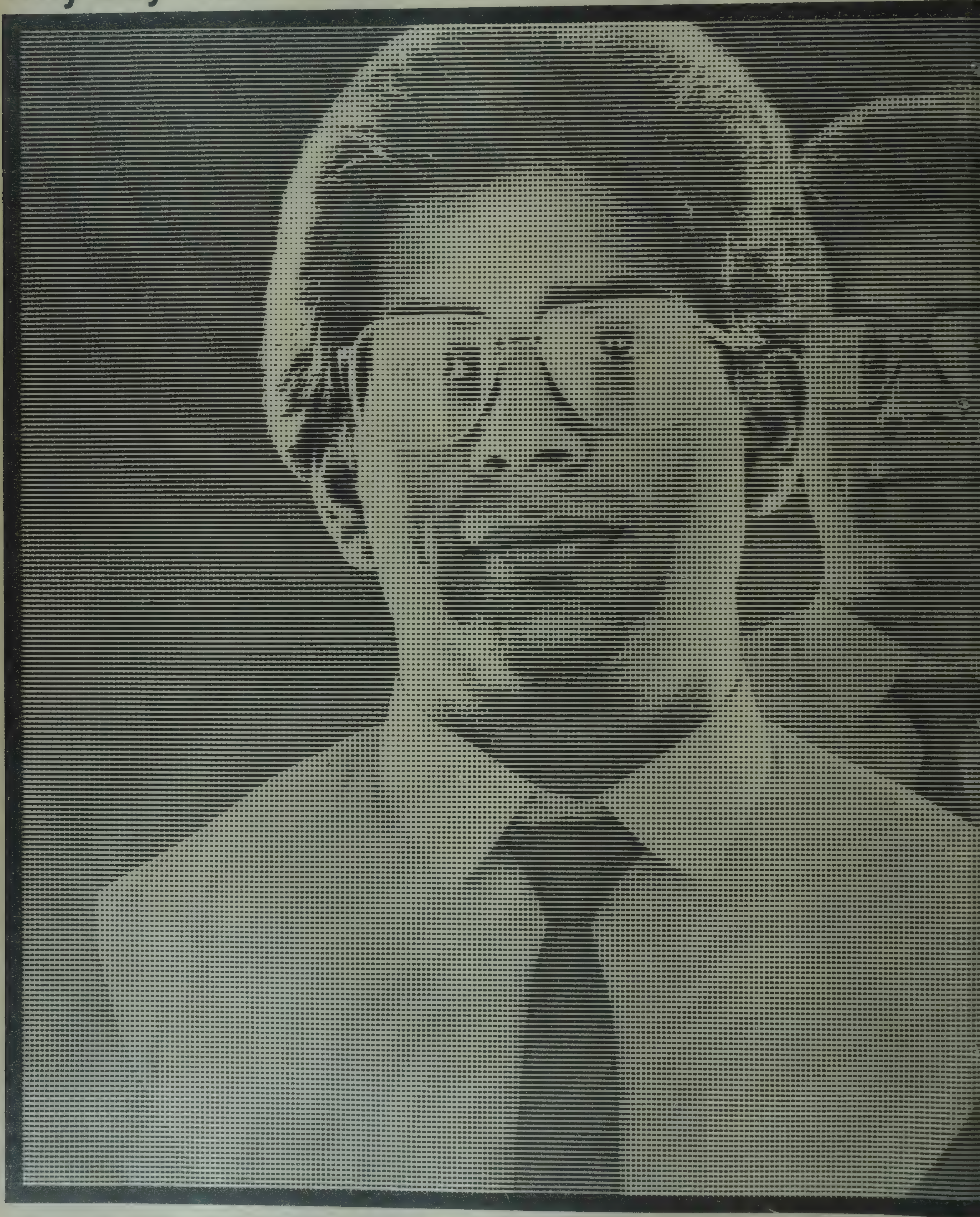
Novel wage pact

A novel wage settlement has been signed between Entremonde Polycoaters Ltd and the Kamgar Sabha, Thane, Maharashtra. Apart from the normal hike in wages, dearness and other allowances and bonus, the agreement also provides for a joint study of pollution and health hazards by the management and the union. It further provides for Ganesh festival payment of Rs.500 and funeral expenses at the rate of Rs.500 twice during the service period to each workman. In addition, the agreement provides for consolidated scales of pay for daily-rated workmen along with annual increments.

DIARY

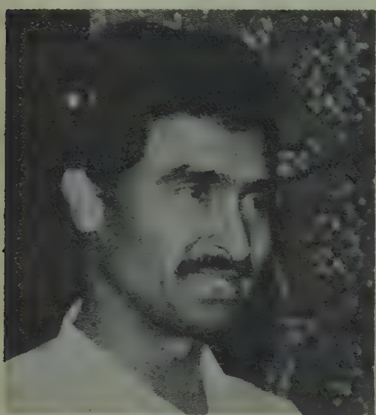
[illegible]	[illegible]	ORGANISER	VENUE
20-23 November	**Commercial borrowings and international capital markets**	Institute for Financial Management & Research	30, Kothari Road, Nungambakkam, Madras-600 034
16, 17 November	**Seminar on project management & project financing**	Madras Management Association (Ph. 475800, 478311)	Welcome group, Chola Sheraton, Madras
24, 25 November	**Safety management**	Madras Management Association & Indian Society for Training and Development	Connemara Hotel, Madras
15-18 November	**Acceptance sampling — a vital tool for QC & QA**	Indian Statistical Institute, Quality Control Unit	Indian Statistical Institute Campus, Hyderabad
17, 18 November	**Two day workshop on total quality management**	Madras Management Association (Ph.475800, 478311)	Connemara Hotel Madras
17, 18 November	**Nogotiations**	Institute of Tax Management and Administration Ph. 493034	The Oberoi, Bombay
25 November	**Finance for non-finance managers**	Creative communication and Management Centre Ph. 273006	Oberoi Towers Bombay

Why buy more heads when what you need is more



T. RAJA RAO

Computer Vision Laboratories (India) Private Limited (Vision Labs, in short), claims to be the only Indian company to have gone in for highly advanced vision, CAE and publishing systems. A brainchild of T. Raja Rao, the managing director of the company, this one-year-old company commercially launched its products for the first time during CSI-88. Since then it has not looked back. Vision Labs, which had a turnover of Rs.1.47 crore in 1988-89, is heading towards a



turnover of Rs.12 crore this year. The company hopes to achieve at least Rs.15 crore during 1990-91.

Says Rao, "Our products are being gradually accepted. This is proved by the interest evinced by Hinditron to market some of our products in certain parts of the country. We are negotiating with some Central government undertakings such as ISRO, NGRI, GSI, HMT, ADA, DRDO and Central Machine Tool Institute and the private sector giant, L&T."

For the future, Raja Rao plans to introduce products based on risk-based systems and parallel processing architecture.

VIJAY MALLYA

Takeover tycoons do not take a break. This year too, Vijay Mallya has set his eyes on two companies. On 30 September after the AGM, Mallya in one of his rare, relaxed moods, admitted, "I am after one or two com-

panies. For obvious reasons, I cannot disclose the names." Last year too, he had set his eyes on at least two companies: Best & Crompton and Jenson & Nicholson.

The group has also filed an application for air-taxis. The proposed company: UB AIR, has five aircraft (Dornier, King Air and and three helicopters) at its disposal, according to Mallya.

Soon, Mallya will be entering the world of publishing. "*Business Update* will be revived by the second quarter of 1990," Mallya said. "The plan submitted by its editor has already been approved. If required, we will invest more than Rs.1 crore in this magazine. It will be a publication on industrial economy with good, quality articles."

SADANANDA SHETTY

Soon, there will be yet another select name added to plastic money, with attractive terms. The Bangalore-based Vijaya Bank will shortly launch a unique credit card in collaboration with Mastercard, called 'Gold Card'. This will be an addition to the existing Vijaya Bank-Visa credit card.

"Even though we have not yet decided about eligibility for Gold Cards, we will surely be choosy in selecting the members," says Sadananda Shetty, chairman and managing director, Vijaya Bank. One of the chief features of the 'Gold Card' is that its credit capacity will be up to Rs.1 lakh. Customers can opt for either the Vijaya Bank-Visa credit card or the 'Gold Card'. "Our bank will soon have a computerised division in Bombay where we will process all the Mastercard operations in India. In return, we will get a marginal commission," says Shetty.

The bank which exceeded deposit mobilisation of Rs.2,000 crore in 1988 (doubling its ca-

pacity in three years) has set a target of Rs.2,400 crore in deposits during 1989-90. "By 1992, we hope to reach Rs.5,000 crore," enthuses Shetty. Isn't it a tall order? "No," says Shetty, "not when you look at the 25 per cent growth rate being achieved by the bank every year."

VIJAY MUKHI

Computerisation is on the upswing in India, but not without attendant problems. Computer users in India are now increasingly having to grapple with viruses, according to Vijay Mukhi, a Bombay-based computer specialist, who has developed a set of 14 state-of-the-art viral protection programs or 'vaccines'.

Mukhi, who, at the behest of the National Association of Software and Service Companies (NASSCOM), headed a four-member team that developed the vaccines, expects a good response from computer users in India. To start with, NASSCOM has distributed the vaccines free to 14 of its members. For non-members, the software has been priced at Rs.100.

"While writing the programs we decided to put ourselves in the place of the hacker making these viruses," says Mukhi. "This helped us considerably in developing foolproof techniques."

MICHAEL HANSENNE

Michael Hansenne, the International Labour Organisation (ILO) director general who was visiting India last fortnight, warned against widespread unemployment and an unhealthy environment, unless immediate steps are taken to stave off a crisis.

More than 500 million new jobs need to be created between now and 2000 AD to absorb the unemployment backlog as well as the future additions to the work force worldwide, an ILO study has found. But Hansenne is pessimistic about this being achieved; concerted efforts can only alleviate the problem.

To check the growing unemployment, especially in the Third World, the ILO has called for widespread reforms in school curricula to replace the current "overly academic" bias with practical skills required by the labour market. It has also earmarked a significant part of its

1990-91 budget for Asia to help its member governments evolve effective HRD programmes, as the 1990s could turn out to be a decisive, even dangerous decade for the continent.

MELVYN G. MONTGOMERY

A nine-member delegation led by Melvyn G. Montgomery, head of British Tourist Authority (BTA, Far East department, was in Bombay to explore avenues for enchancing travel to Britain from India.

BTA is the only overseas tourist organisation having a full time representation in India.

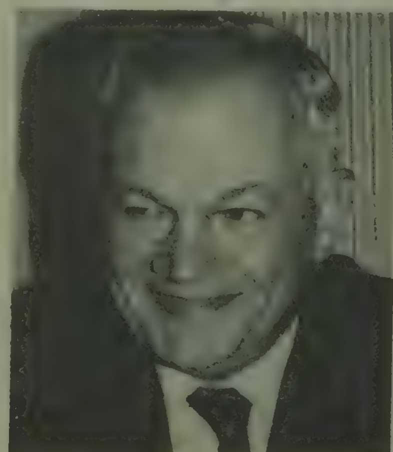
According to Montgomery, "Over the last decade, the number of Indian visitors to Britain has increased. In 1988, 136,000 Indians visited the UK, of which 35 per cent were on business. From Asia, this is the second largest contingent, next only to Japan.

"Familiarity with the language, a shared history and the availability of Indian cuisine has made Britain a popular destination for Indians," adds Montgomery.

FRED SCHUDEL

The world's largest independent producer of hard disk drives, Seagate Technology of USA has opened a Rs.5 million hard disk repair facility in a 10,000 sq ft building in Hyderabad, adjacent to the electronics plant of its Indian affiliate, Sujata Data Products.

According to Fred Schudel, senior vice president, manufacturing operations of Seagate Technology, the repair centre, the first of its kind in India, is meant solely for the repair of hard disk drives for PCs. "It is fully authorised to make virtually all Seagate warranty repairs on two of its leading hard disk drive families, which com-



prise 11 available configurations of Seagate drives, designed and manufactured to satisfy a full range of hard disk drive computer storage requirements," he says. "So far, we had collaborated for our marketing activities. This is one of the few collaborations we now have for repairing services," Schudel adds.

TAKESHI NAITO

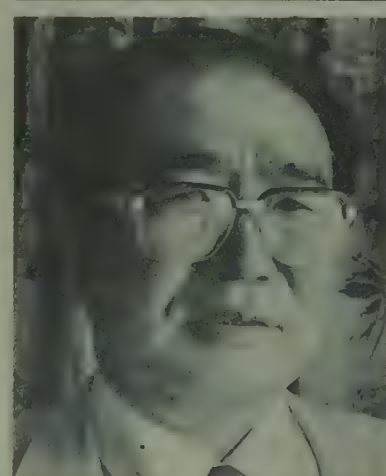
"In the field of heat treatment, there are two vital aspects: process technology and the furnace. And we have introduced, for the first time in the world, the process of direct injection of LPG

into the furnace, which obviates the process of LPG cracking in the endothermic gas generators that takes place inside the furnace," says Takeshi Naito, director (technical) of the Tokyo Heat Treating (THT) Company, Yokohama, Japan. Naito was in Bangalore recently, courtesy Hightemp Furnaces, THT's Indian affiliate.

According to Naito, "The primary benefit of such industrial furnaces is lower consumption of gas. In fact, the usage of gas comes down by almost 25 per cent—this is a big saving. It also eliminates certain equipment running costs." These furnaces were introduced one-and-a-half years ago, and so far, THT has sold 44 such units to Japan and Korea.

THT plans to sell the equipment directly to Indian companies until Hightemp Furnaces sets up its own manufacturing facility.

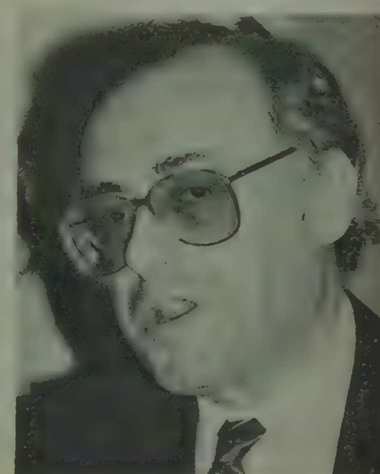
JUNG HYUN KWAK



India's trade with South Korea has been declining steadily over the past five years, but the trend could be reversed, according to Jung Hyun Kwak, leader of a 20-member trade delegation from the Republic of Korea, who was in Bombay recently. Kwak, who is also the president of the Korea Association of Machinery Industry, feels that India's exports of basic products such as ores, cotton, coffee, tea and spices to his country, could easily be extended to include engineering products, plant and machinery, and automobile spare parts, among others, with greater market potential.

Trade with South Korea, which was in the region of US $ 1,400 million about five years ago, is now at less than half that level. And Kwak's complaint is that Indian industry's efforts at tapping the South Korean market are not as aggressive as they could be. Kwak also points out that South Korea's export efforts have made it the 11th largest trading nation in the world.

JULIAN STRETCH



As general manager of Rank Xerox's South East Asia operations, Julian Stretch had experienced India while he set up the company's operations here. But this time around, he was on a different wicket altogether.

Stretch, who is the president of the UK based British and South Asian Trade Association (BASATA) was leading a delegation of the food processing industry to India. The eight-member delegation held talks with the Indian industry to increase exports from the country.

"Indian industry has a lot to do to compete in the international market," said Stretch. He also pointed out that his country could provide "an important springboard for Indian industry into the European market". But, he said, Indian food processors will have to go out and look for opportunities. "You can't sit around and wait for the market to come to you," he said.


YOU DON'T KNOW IT YET,
BUT YOUR WORKERS
ARE GOING TO BOYCOTT
YOUR CANTEEN.

PARAXYLENE

Strange ways of levying duty

When the Union government announced abolition of 15.75 per cent excise and reduction of import duty from 90 to 80 per cent on paraxylene on 31 October, the price of Bombay Dyeing's Rs.10 scrips shot up from Rs.127 to Rs.138 in the Bombay Stock Exchange in a day. The rise, however, was short-lived as the market soon realised that the duty cuts would hardly benefit Bombay Dyeing and the scrip finally settled at Rs.132.50.

Paraxylene is the raw material used for the manufacture of DMT and PTA, essential ingredients for synthetic fibres. Bombay Dyeing and Manufacturing Co Ltd, the largest manufacturer of DMT, having no captive production, imports its entire requirement of paraxylene of around 42,000 tonnes per annum (tpa). Indian Petrochemical Corporation Ltd (IPCL) and Bongaingaon Refineries Corporation Ltd also make paraxylene for their own consumption of DMT. While the latter's production of paraxylene is entirely for its captive use, IPCL has almost 18,000 tpa surplus paraxylene for sale in the domestic market.

At present Reliance also is believed to have approximately 25,000 tonnes of paraxylene as marketable surplus. IPCL is expanding its present capacity from 54,000 to 182,000 tpa which will increase the surplus from 18,000 to 48,600 tpa. The country should have adequate paraxylene by end 1990.

A sudden move. Six months ago, in a sudden move, the union government made IPCL the sole canalising agency for import of paraxylene in the country. And, Bombay Dyeing which used to import the chemical directly till now, had to depend on IPCL to meet their requirement. The move proved expensive because on two occasions IPCL failed to meet the Bombay Dyeing requirements: "Once we had to borrow paraxylene from other sources, the second time the plant had to be shut down," says H. Bijawat, president, Bombay Dyeing."

The present excise cut is being seen by the market as just a sop. There was no excise on imported paraxylene or on its captive use either. Only about 18,000 tonnes of paraxylene that is available for local market will enjoy this reduction.

Also in the 1989 budget, the government reduced the import duty on paraxylene from 120 to 90 per cent. Consequently under a notification recommended by the Bureau of Industrial Costs and Prices (BICP), the price of DMT was reduced from Rs. 32,000 to Rs. 29,000 per tonne. The Bureau had also recommended a reduction in customs duty of paraxylene to 25 per cent but the recent order has reduced the import duty by only 10 per cent to 80 per cent.

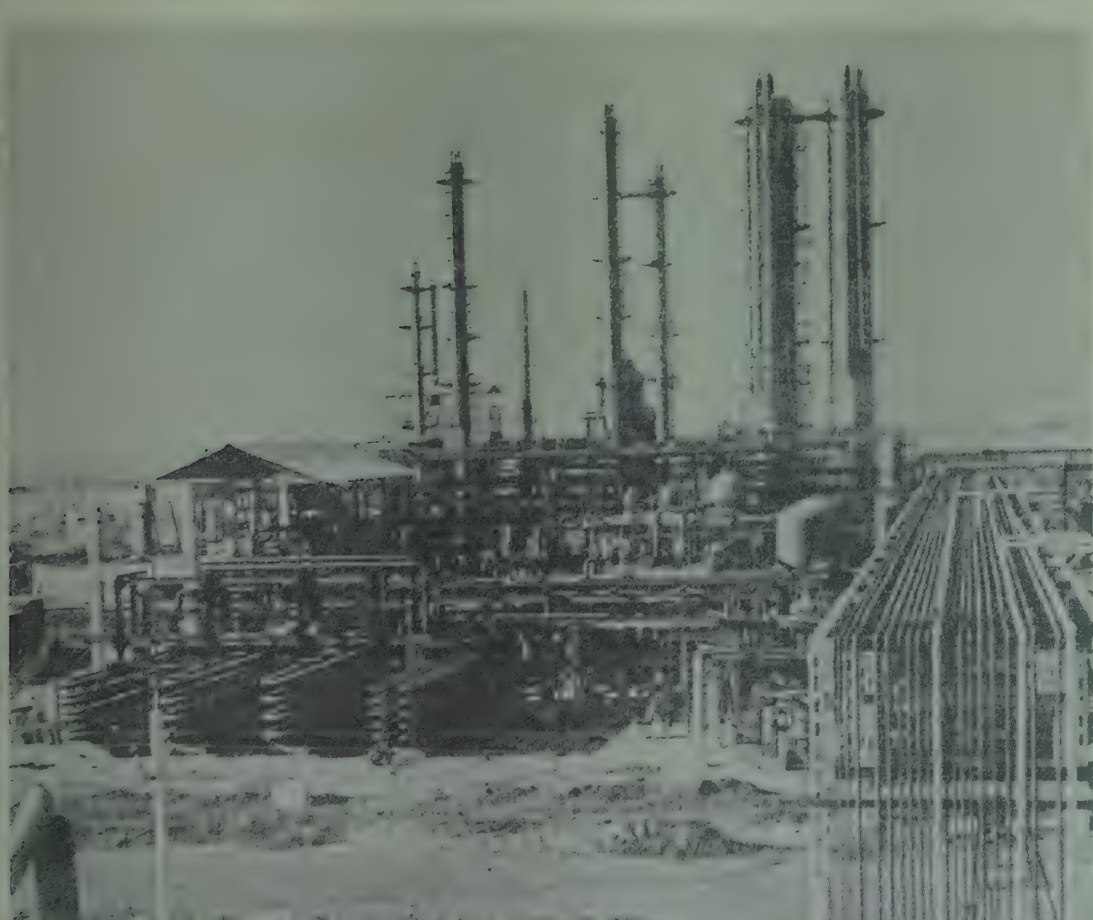
But with the capacity increase of paraxylene on the cards, the import will soon become redundant. The issue that still remains unresolved is what a fair and equitable price should be for paraxylene. Despite many representations, the government has refused to rationalise the price of paraxylene. Asks a paraxylene dealer, "So far, the price has been dictated by the landed cost of the imported paraxylene. Now that we are going to have enough surplus, why can the pricing not be fixed in accordance with the cost of production, as has been done by the BICP in the case of DMT?"

Pricing factor. The Association of Polyester Staple Fibre Manufacturers (APSFM), after determining the cost of production of paraxylene in all the major plants has recommended a weighted average price of Rs.15,409 per tonne taking into account the cost of import of 16,400 tpa. But the government has surprisingly left it to the individual manufacturers to determine their own selling price. Explains Hasmukh Shah, chairman cum managing director, IPCL, "Till this notification, the domestic market price of paraxylene was Rs.3,000 to Rs.4,000 more than the landed cost of the imported stuff. Now with the abolition of excise, the price should be at par. The individual manufacturer will determine their own price."

Sources in Bombay Dyeing are not very happy with the move to let manufacturers fix their own price. Says Bijawat, "We do not mind buying from anyone. All we ask for is that the supply should be regular at a reasonable price. If Reliance has some surplus, we want a report of their captive consumption, and their installed capacity. We asked for the report two months ago and are yet to hear from them."

Whatever the outcome may be, there is little doubt that the increase in capacity and excise cut together would save the country around Rs.60 crore per annum in foreign exchange. There is also very little doubt that if the price is not fixed according to the cost of production, the local paraxylene manufacturers will find the going very much to their liking. ■

SHEKHAR GHOSH



IPCL: sole canalising agent

LABOUR

Workers' takeovers gather momentum

The takeover of Kamani Tubes Ltd. by its employees seems to have inspired the workers of several sick units across the country to put forward proposals for similarly taking over and running their units. Among the proposals now being made are those of the workers of four textile mills in Maharashtra.

The project reports that are now in various stages of completion are those of The Swan Mills Ltd., and Raghuvanshi Mills, both Bombay-based; Khandesh Mills, Jalgaon; and The Raja Bahadur Motilal Poona Mills Ltd., Pune. Of these, the proposals of Swan Mills and Khandesh Mills are at an advanced stage of completion, according to Y.L. Rajawade, secretary (textiles) of the Maharashtra government.

Competitive market. However, unlike Kamani Tubes, which is in a near-monopoly market, and became sick mainly because of mismanagement, the sick textile mills (which are composite ones handling spinning, weaving and processing) operate in a very competitive market dominated by sophisticated mills making textiles from man-made fibres, and the unorganised powerloom sector with its advantages of cheap labour and low overhead costs.

"For a workers' co-operative to succeed, the raw material prices and the market should be well within the workers' control," says Vasant Hoshing, former president of the Rashtriya Mill Mazdoor Sabha (RMMS), who submitted the proposal for the takeover of Swan Mills. "Unity among the workers is also a must and the workers must have implicit faith in the management."

This is mainly where the difference between the takeover of Kamani Tubes and that of composite textile mills lies. If the workers want to take over their units, they will have to invest their provident fund to meet the Board for Industry Finance and Reconstruction (BIFR) conditions which stipulate that the promoters must bring in interest-free capital, and give a guarantee that they would be personally responsible for any further losses that the unit may face after it is taken over.

And while the Kamani Tubes workers risked their savings, the mill workers are not very sure if they should rush into an area where entrepreneurs fear to tread.

The mill owners feel that the workers will not be able to revive and run a composite cotton textile mill in the present environment. "Today, the powerloom sector has a 20-25 per cent cost advantage over the composite mills mainly due to very low wages paid to the powerloom workers," says R.L.N. Vijaynagar, secretary general of the Bombay Mill Owners' Association. "The mill workers cannot slash their wages to less than a third to match those of the power loom workers."

Trial basis. Yet, Hoshing wants to give it a try on an experimental basis. "We have always endeavoured to keep the composite textile mills alive," he says. "Unfortunately, the 1981 textile strike resulted in the weak units falling sick while the healthy ones could be updated and incorporate processes for the manufacture of man-made fibres.

The cost of optimal modernisation of a standard-sized mill of 32,000 spindles and 750 looms, according to figures put out by the Textile Research Association, would be around Rs.28 crore.

The owner of Swan Mills, J.P. Goenka, had submitted a scheme for its revival wherein he would invest Rs. 4 crore and obtain another Rs. 12 crore from the sale of land to generate the initial capital required. However, this scheme fell through since the state government would not permit the sale of land as a matter of policy.

Entrepreneurs would be willing to take over the mills if they were allowed to close down some sections and sell part of the land belonging to these mills to generate the interest-free working capital required under the BIFR stipulations. But this, according to Hoshing, is against the state government's avowed policy of protecting the employment in this sector.

"As a last resort (since no one would come forward to save the industry and employment) we decided to take a calculated risk," says Hoshing.

Huge liabilities. The Swan Mills had a surplus revenue of Rs. 4 crore till 1983. But by end 1987, when its case was admitted before BIFR, its liabilities had mounted to Rs. 40 crore. Today its liabilities (due to interest alone) have mounted to Rs. 60 crore.

The scheme submitted by Hoshing envisages that, if run efficiently, the unit could generate a turnover of Rs. 60 crore and an operating profit of Rs. 5 to 6 crore. However, the funds thus generated will be eroded if the company has to pay up all its past liabilities.

The scheme envisages that the workers' co-operative, consisting of 2,500 workers will raise Rs. 2.5 crore with each worker borrowing Rs. 10,000 from the co-operative banks. The state government will participate in the equity of the company in the ratio of 1:5 thus contributing Rs. 12.5 crore.

The amount thus collected will be used as working capital. The scheme depends on the past liabilities being frozen at the level at which they stood in December 1987. The state government, according to

Swan Mills: revival scheme feasible

Hoshing, has agreed in principle, to the equity participation and to granting sales tax and electricity duty rebates provided the scheme is declared viable by the IDBI which is its operating agency.

The workers are now negotiating with the banks and financial institutions to arrive at a final figure for the principal and interest that they will have to bear out of the company's past liabilities. Besides, they will require a loan of Rs. 9 crore from the financial institutions for repairs and upgradation of the machinery and paying the dues of the nearly 1,000 workers who have found new job but have not yet got their dues from the company will have to be retrenched.

The state government is not averse to equity participation in units run by workers' co-operatives, according to Rajawade. "The government would like to see that the workers' interests are not jeopardised. However, its decisions will depend on the merits of each case."

Both Hoshing and Rajawade feel that a viable scheme for revival can be drawn up by workers' co-operatives despite the prevailing market conditions. Kamani Tubes is already showing signs of being a successful venture. But whether a workers' co-operative will be able to run a unit in what is regarded as a sunset industry remains to be seen.

■ ALOYSIUS FERNANDEZ

MADRAS EXPORT PROCESSING ZONE

Selective marketing

It's a serious attempt at a facelift. The Madras Export Processing Zone (MEPZ), entering phase II of its operations, is trying hard to attract the right kind of entrepreneurs to the zone. Phase II involves the development of an additional 223 acres of land for setting up industrial units. These plots will be ready for allotment within four months. "MEPZ today consists largely of small units with an average turnover of Rs 1-1.5 crore. The concentration is on garment export units and latex glove units. We want to break away from this orientation," says A. Sahasranaman, development commissioner, MEPZ.

The performance of the existing units has not been inspiring. From 1986, when MEPZ became operational till now, 111 units were allotted plots out of the 100 acres developed in phase I; but the net addition to the kitty in the form of export earnings from these units was a meagre Rs.24 crore during 1988. Only 61 of the 111 units have established themselves in the zone, and of these only 32 have commenced exports.

MEPZ: big plans for expansion

Inadequate capital. According to informed sources, the primary reason for this state of affairs is that the zone, in its initial enthusiasm allotted plots arbitrarily to any person who cared to apply, with the result that it attracted a host of first generation entrepreneurs, who often did not have adequate capital. Also, the products selected, in several instances, did not warrant the import of high technology or foreign investment. "The units in the zone are also shy of entering hard currency areas and concentrate largely on rupee payment areas," says Sahasranaman. But he is also certain that given "the good infrastructural facilities available, large industrial houses, particularly from the south can be attracted to the zone".

The revamping operations include setting up a high level advisory committee headed by A.L. Mudaliar to assist MEPZ officials in working out the manufacturing and export strategy for phase II. This committee, which will meet once in six weeks, is expected to facilitate interaction with industrial houses.

The strategy adopted will be two-pronged. "Enticing large industrial houses, particularly of the South to locate and implement projects with good export potential, and also encouraging equity participation by NRIs and foreigners," explains Sahasranaman. As of now, Shaw Wallace Aoki Limited and Switching Technologies Gunther Limited are among the few companies with foreign equity participation which have established themselves in the zone.

Brainstorming session. The high lease rentals charged inhibit free inflow of capital. This point was brought out during a brainstorming session held by MEPZ with the South India Chamber of Commerce and Industry (SICCI). The lease rental for land in the zone is Rs.18 per square metre a year, and for a built-up area it is Rs.300. "We are aware of this problem, and a concessional rate, akin to that at SEEPZ, may be worked out," says Sahasranaman.

An intense marketing campaign will also be resorted to as a promotional measure. "We have taken up the matter with FICCI and plan to organise meetings at other major centres through the chambers of commerce," says Sahasranaman. A list of products for possible manufacture is being compiled. Delegations will be sent to Tokyo, Singapore, London, Abu Dhabi etc to attract fresh capital to the zone. "MEPZ is ideally located to serve as a gateway to India for South-East Asian countries," maintain the officials. And if this sustained and targeted promotional programme works, MEPZ will be humming with activity before long.

■ DHARANI K.PANI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COMPUTERS

The future screen

That the computer industry in India is poised for big growth is beyond doubt. What is surprising is that contrary to the popular belief, computer hardware exports has overtaken the software export market. Software exports in 1988-89 amounted to a mere Rs.101 crore while exports in hardware stood at Rs.137 crore. Major exports from the export promotion zones (EPZs) are to the eastern bloc and USSR. Exporters are seeing a tremendous growth potential in hardware exports from the domestic tariff export areas (DTEAs) which is expected to overtake exports from EPZs this year.

These facts were revealed in a seminar on Directions '90, the third annual briefing session of the computer industry held in Bombay last fortnight by IDC (India) Ltd. Said Suresh Bansal, general manager of Essen Computers, "A great opportunity exists in the Russian market and India could exploit it in the same manner in which Taiwan exploited the US market."

Rough times ahead. But while computer exports are booming, experts in the country unanimously believe that companies making PCs will have a rough time in the domestic market over the next six months as the pressure on profitability increases. During the past three years the price of PCs has fallen from Rs.1 lakh to Rs.25,000. While this has increased the sales of PCs from the earlier projection of 110,000 to about 130,000, "the growth is not very impressive," according to Dr. Srinivasan, executive director of International Data Corporation (IDC), India. Also, the growth is not enough to offset the fall in profitability. "The shake-out has been going on for the last five years," says Pradeep Gupta, IDC (India)'s managing director. A study of computer companies in 1983-84 and 1988-89 indicates that a number of players have gone out of business. The companies in the medium range are facing dual pressure from the bigger companies consolidating market share while a host of new start-ups are fragmenting the industry with small operations. This, in turn, is causing severe cash flow problems in the lower end of the industry.

Surveys by IDC (India) have indicated that a major growth area in the computers market now is for larger machines costing Rs.20 lakh and more. "A number of users are now looking for larger machines to handle their centralised databases," said Prem Shivdasani, an industry veteren. He estimates that "during 1990-94, larger systems worth at least Rs.1,500 crore will be bought by end-users, predominantly in the government segment.

"Vital factor". Shivdasani also feels that over the next year distribution channels will grow two-and-a-half times and companies like ICIM, PSI, IDM and ORG will arrest their downslide while Digital Equipment (India) Ltd, will be amongst the top five computer companies. He also foresees IBM making a go for the Indian market through its off-shore operations. "Possibly, in the years to come, IBM will establish a 100 per cent software export unit, mainly export to the USSR, and sell 25 per cent of its production in the Indian market. The vital factor will be how the government of India views IBM's proposals," says Shivdasani.

To survive the onslaught of the big companies like IBM and Digital, Directions '90 stressed the need for Indian companies to expand their share of the software market where growth has been slowing down. Software exports in dollar terms were showing signs of flattening. Says R.S. Pawar, managing director of NIIT, "Skill is going to acquire a critical dimension since the user is now looking for higher-skilled manpower as he shifts away from flat files and COBOL to Database and 4GLs." All it needs is a proper direction.

■ A CORRESPONDENT

GARTEX '89

High technology meet

The master tailor feeds a customer's measurements into a computer and presses a few keys — and a needle automatically traces out patterns on a roll of cloth, for cutting out a custom-made shirt. The venue: the Lectra Systems stall at GARTEX '89, the third international garment machinery, textiles and accessories exhibition and conference in New Delhi last fortnight. Nearly 90 manufacturers and dealers from 40 countries participated in the four-day exhibition, from 24 to 27 October.

Specialised machinery. The exhibitors included Ballarpur Industries, Brother, Fuji, Madura Coats, Mafatlal, Modi Threads, Morimoto, Seiko and Singer. Among the prominent exhibits were Yamato overlock and safety stitch machines, fully automated flat-bed knitting machines from Shima Seiki for gloves and socks, and Kansai special industrial sewing machines for underwear necklines as well as decorative hemline finishes.

GARTEX '89, sponsored by the Apparel Export Promotion Council (AEPC) and the National Institute of Fashion Technology (NIFT), also included a two-day conference on 25 and 26 October, on the theme "Towards 100 per cent growth through new technology". AEPC chairman N.K. Goyal pointed out at the inauguration of the conference that the industry has more than doubled in size in the last two years alone.

According to Vinod Shanbhagh, the conference consultant, the Indian readymade garments industry has grown at the rate of nearly 25 per cent a year since 1980 and accounts for trade worth over Rs.7,000 crore in the domestic and export markets together. He said the conference, the first to be organised on such a scale, was aimed at providing the industry with a two-fold exposure, to ideas as well as professional expertise.

"Willing" suppliers. Speakers at the session on "Fabric availability and its problems" called for policy changes to ensure that the industry's flexibility, which is its most significant strength, is not affected by diverting raw material to mills rather than powerlooms. Though the mills are better able to maintain fabric quality, powerlooms are "willing" suppliers with fewer problems, they pointed out.

Policy must also "intervene swiftly" to make the infrastructure compatible for modernisation, according to participants in the session on "Latest trends in garment manufacturing and finishing technology". The session on "Cost effectiveness in the garment industry" highlighted that the industry lacks cost consciousness as it functions on the principles of trading profit rather than manufacturing profit. India's backwardness in the major export area of industrial and institutional clothing was also highlighted.

M.C. Gupta, advisor (industries and minerals) in the Planning Commission, pointed out in his valedictory address that the commission has set up a working group to study the need for training with new skills to enable the industry to absorb technology effectively. The garment industry deserves top priority in technology upgradation because it earns foreign exchange for the country, he added.

■ SEKHAR SESHAN

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Premium: The premium will depend on your age, duration of trip and destination. The following extract from the Premium table gives you an example of how premium is charged.

Illustrative Premium Table

	Worldwide excluding USA & Canada			USA & Canada		
Duration of trip	5-40 years	41-60 years	61-70 years	5-40 years	41-60 years	61-70 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1 – 14 days	274	274	329	324	392	464
48 – 60 days	559	559	671	948	1172	1400
148 – 180 days	2424	2424	2909	4148	5172	6200

Claim payments are subject to a small compulsory deductible of $ 50.

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KOTHARI GENERAL FOODS

Looking up

A few weeks ago it appeared certain that the loss-making Bangalore-based Kothari General Foods (KGF), promoted by Kothari Industrial Corporation Limited (KICL), and General Foods of USA was going to change hands (see *Business India*, 4 September, 1989). The new partner was supposed to be Jagatjit Industries Limited (JIL), the Punjab-based foods and liquor manufacturer, which was to buy the over 26 per cent equity held by KICL (General Foods holds 33 per cent and the financial institutions 8 per cent).

No progress has been made so far on the takeover which then seemed imminent. Although D.C. Kothari, chairman of the Madras-based KICL, does not want to comment, the indications are that the deal is off. According to Kothari, JIL has not approached the company with any offer, nor has the ICICI (the lead financial institution which has pumped crores of rupees into KGF) organised a meeting between KGF and JIL.

New confidence. KICL did seem to be in a desperate hurry to end its partnership in KGF till a few months ago. KGF's total accumulated losses as of 31 March, 1989 exceeded Rs.15 crore. But today, Kothari declares quite confidently that things are not so bad in KGF that it has to be sold off. "So far we have exported 2,500 tonnes of coffee to the USSR, and before the end of the year we hope to export another 500 tonnes. We are also hopeful of entering into a fresh contract with the USSR. We are in no hurry to take a decision."

Kothari's confidence stems from the fact that KICL itself has staged a recovery from three loss-making years. For the year ended June, 1989 profit before depreciation and taxation was Rs.526.58 lakh compared to a loss of Rs.182.90 lakh the previous year. The company returned to the dividend list after four years, setting aside Rs.94.32 lakh under this head from the distributable profits of Rs.354.59 lakh.

Things are really looking up in KICL after it sold its caustic soda unit to the Madras based fertilizer company, SPIC. As the liability for loans and debentures relating to the unit were taken over by SPIC, secured loans of KICL have declined to Rs.11.68 crore from Rs.34.98 crore and unsecured loans to Rs.193.67 lakh from Rs.803.71 lakh.

The turnaround has been possible because the performance of KICL's three divisions, textiles, plantations and fertilizers, have been very good. The company which is changing its financial year-end to March, is expecting the nine months up to March 1990, to be even better than the previous nine months. Profitability is expected to double. Although company sources won't confirm the information, the corporate grapevine has it that KICL has found a buyer for its troublesome spinning unit at Adoni, Andhra Pradesh.

All this has led to a resurgence of confidence in KICL. Although, Kothari neither denies or confirms it, there are indications that KICL would like to continue to manage KGF. But, will General Foods agree? And what is ICICI's point of view? Wait for the next development in the KGF story to unfold and you will know. As of now, none of the concerned are willing to say.

■ SUSHILA RAVINDRANATH

DETERGENTS

The giants go rabbit hunting

A strange advertisement headlined 'Open Assurance to All Members of Development Council For Soaps And Detergents including Hindustan Lever, Nirma, Godrej, Tata etc' appeared in a section of the Bombay press on 2 November.

The ad assured the members of the Development Council (DC) that the Shri Mahila Griha Udyog, Lijjat Papad (SMGU), makers of Sasa detergent powder, would suspend production of their detergent if it threatened the jobs of workers in the factories of the established manufacturers, including small scale units.

The DC, a statutory advisory body consisting of members of the industry and various ministries of the union government, meets every three months to discuss problems faced by the industry and help chalk out future government policy.

Concern voiced. At the DC meeting held in Ahmedabad on 8 August, the Sasa ad revealed, representatives of the industry voiced their concern over SMGU's attempts to get excise duty exemption for its detergent formulations, saying that it would jeopardise the jobs of a large number of workers of their units.

SMGU, an organisation committed to helping women earn a living, launched Sasa (meaning rabbit in Marathi) a year ago, under the guidance of Reliance Industries Ltd (RIL). Being a social service organisation recognised by the Khadi and Village Industries Commission (KVIC), it is entitled to excise duty and sales tax concessions on the products it has hitherto marketed.

The organisation now sought to have these concessions extended to its detergent product too (see *Business India*, November 28–December 11, 1988), a move that made the other players in the field cry foul.

The established manufacturers feel that granting Sasa the exemptions will give it an unfair cost advantage of 40 per cent over its competitors. "Small scale detergent manufacturers having a turnover up to Rs. 75 lakh a year have to pay a concessional excise duty of 15.75 per cent of the assessable value of the product, while those with a turnover exceeding Rs.75 lakh pay the normal duty of 26.25 per cent. Moreover, the sales tax in various states varies from 10 to 14 per cent," says P.M. Sinha, chairman of the DC and president of the Indian Soap and Toiletries Manufacturers' Association (ISTMA). "If all the manufacturers got these concessions by promoting units through the KVIC, the national exchequer would be deprived of over Rs. 150 crore in excise duty alone."

At present Sasa produces 22 tonnes of detergent powder a day at six centres across the country and caters to, the below Rs.12 a kg market segment, which accounts for 80 per cent of the one million tonnes of detergents produced annually in the country.

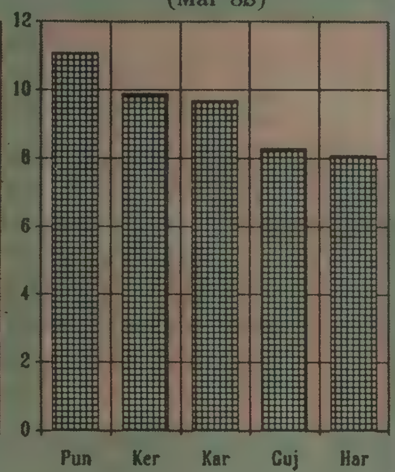
Large enough market. SMGU does not see any reason for the established manufacturers to panic. "We are doing our bit in the interests of women. We do not want to compete with anyone. The market is large enough to accommodate everyone," says Rukmini Pawar, president of SMGU. "But we, as a social organisation, would not like to be responsible for workers losing their jobs, and have assured them that we would rather stop production and retrench ourselves than see the workers lose their jobs."

The big manufacturers are powerful enough to influence government policy. So far only Maharashtra has responded to SMGU's plea for sales tax exemption, but under pressure from the industry, even this has been revoked. SMGU has challenged this action in the Bombay high court. Will the rabbit continue to hop freely in a jungle where fearsome detergent giants stalk?

■ ALOYSIUS FERNANDEZ

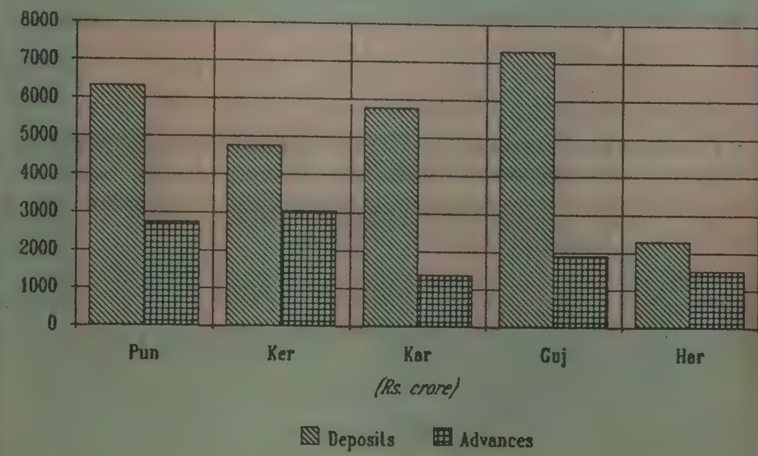
Number of bank branches
(Mar '88)

Branches per 100,000 pop.
(Mar '88)



Even though Karnataka leads as far as the number of banks in any one particular state is concerned, the credit for the largest number of offices per 100,000 people goes to Punjab. But the maximum jump in the annual rate of increase between 1969 and 1988 was in Haryana (10.8 per cent).

Deposits, advances of scheduled commercial banks
(Dec '87)



Among the five states listed above, the advances-deposit ratio was highest in the case of Karnataka (90.7 per cent) and lowest in the case of Punjab (43.4 per cent). Between 1970 and 1987, per capita deposits have increased 15 fold and per capita advances more than 11 fold.

Wholesale price index: The wholesale price index of all commodities was up by 0.9 per cent to 167.5 in the month under review. In primary articles, there was a sharp increase in the price of oilseeds (15.8 per cent). There has been a slowdown in the rate of growth of manufactured products, the only exception being cigarettes and tobbaco, which were up by 5.8 per cent.

(1981-82=100)

	30 Sept 1989	26 Aug 1989	1 Oct 1988	% change over month	year
All commodities	167.5	165.9	154.8	0.9	8.2
Primary articles	168.2	167.3	160.2	0.5	4.9
Mfg. products	169.5	166.9	152.6	1.5	11.1

Consumer price index: The consumer price index showed an increase of 1.2 per cent over the previous month. The index for urban non-manual workers jumped by 3.6 per cent in May.

	May 1989	April 1989	May 1988	% change over month	year
Industrial Workers (1982=100)	169	167	156	1.2	8.3
Urban non-manual workers (1984-85=100)	144	139	131	3.6	10.0

Money and Banking (Schedule Commercial Banks): Broad money (M3) has increased by 0.9 per cent during the month under review. There has been a substantial decrease in bank as well as food credit and a marginal decrease in the credit-deposit ratio.

(Rs.crore)

	29 Sept 1989	25 Aug 1989	30 Sept 1988	% change over month	year
Broad money (M3)	2,05,995*	2,04,094	1,73,822	0.9	18.5
Aggregate deposits	1,54,749	1,56,896	1,36,001	-1.3	13.7
Bank credit	90,468	95,736	81,348	-5.5	11.2
Food credit	829	1,148	1,324	-27.7	-37.3
Credit dep ratio	58.46	58.78	59.81	-0.5	-2.2

22 September 1989

Bullion prices and stockmarket index: The price of gold increase by 17.2 per cent. Silver, on the other hand, has shown a downward trend. The obvious explanation for the increase in the price of gold is the large buying around festive time. The Bombay Stock Exchange index was up by 7.8 per cent in the month under review.

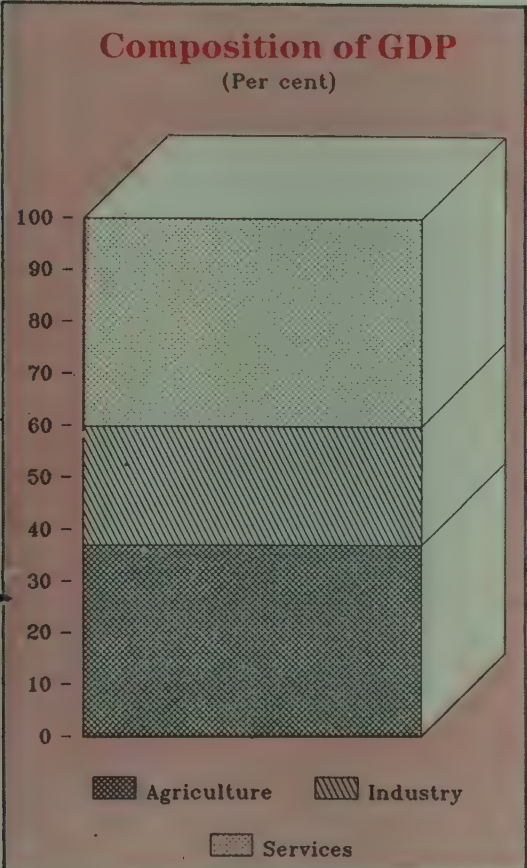
	1 Nov 1989	6 Oct 1989	7 Oct 1988	% change over month	year
Gold (Bombay)	3,745	3,195	3,170	17.2	18.1
Silver (Bombay)	6,866	6,918	6,316	-0.7	8.7
Bombay stock exchange	780.1	723.3	612.2	7.8	27.4

Industrial production and infrastructure: Index of industrial production has increased sharply in June. Even though power generation was up by 4.8 per cent, steel production fell by 6.5 per cent. Similarly, there was a sharp decrease in the production of cement by 4.25 per cent.

	Latest month	Previous month	Year ago	% increase over month	year
Industrial production index (1980-81=100)	180.6(6)	175.8	173.7	27.3	3.9
Railway freight ('000 tonnes)	23.75(6)	23.73	23.07	0.08	2.9
Crude oil production ('000 tonnes)	2,835(7)	2,826	2,632	0.31	7.2
Power generation (million units per day)	674.1(9)	642.7	570	4.8	18.2
Steel production ('000 tonnes)	698(9)	747	720	-6.5	-3.1
Cement production ('000 tonnes)	3,289(7)	3,435	3,418	-4.25	-4.25

(Figures in bracket indicate months)

The increasing rate of services



As the economy develops it gradually changes from an agrarian to an industrial and finally to a service economy.

But what do we mean by service? *The Economist* of London has simply defined services as "anything sold in trade that cannot be dropped on your foot". But in recent years, the scope and importance of services goes beyond the realm of finance, insurance, education, transportation, etc. Efficient and high quality services are crucial not only to consumers but also to product manufacturers. Also, a manufacturer has to give excellent after sales service to his clients in order to keep them satisfied. This is because customers do not merely look at the product, but also the back-up services provided, for trouble free service.

Complementary nature

In many ways, services and the production of goods are interlinked. For instance, the painting of a car in an automobile factory is in the goods category, but if the painting is sub-contracted, it becomes a service. The complementary nature of services and goods production is particularly evident in the case of computer services.

In India, the service sector has grown rapidly over the years. This is borne out by the fact that in the early fifties, as much as 55 per cent of GDP originated from the agricultural sector, about 20 per cent from the industry sector and about 25 per cent from the service sector. The situation has changed dramatically, and today agriculture accounts for only about 37 per cent of GDP, the share of the industry sector remains more or less the same, but that of the service sector has increased to nearly 40 per cent of GDP.

Direct benefit

Growth in the service sector can help in many ways. First, there is the direct benefit to industry and agriculture with the growth in consultancy services; and, second, it could boost invisible earnings thereby reducing the balance of payments deficit.

In the early stages of India's development, the country had to rely heavily on foreign technology and consultants. But over time, the situation has changed and Indian consultants, especially in the field of engineering, have gained reputation and expertise. India has over 2,000 consultancy organisations staffed by over 20,000 professionals providing a diverse range of services, pertaining to agriculture, energy, oil, gas, power generation, engineering, management, public health, transport, etc.

The growing importance of services in international trade is now well known. Services account for around 25 per cent of total world exports. Since India is still a low wage country, it has an edge over developed countries. Therefore, India can provide the same services at a much lower cost.

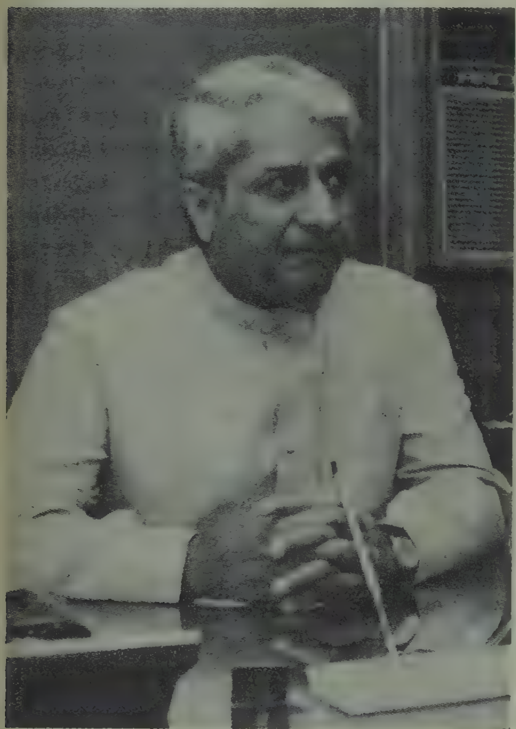
Growing demand

This is particularly relevant to the export of computer software. India's software exports which were only Rs.2 crore in 1976 have now crossed Rs.50 crore. Considering the growing demand for sophisticated software in different fields of application like genetic engineering, space research and bio-chemistry, the scope is enormous. Also, the change in the composition of the total expenditure on computers — from 90 per cent to 50 per cent or less on hardware and the remaining on software — has given a further boost to software development. But Indian software exports are marginal when viewed in the global context. Worldwide demand for software is expected to rise to $ 100 billion by 1990. The target should be to get anything from 3 to 5 per cent of the above by the mid-1990s.

It is certain that the service sector will play an increasing role in the country's future development. It will mean putting emphasis on human capital formation by increasing the depth and breadth of education. However, the full scope of the service sector will only be felt when the service, manufacturing and agricultural sectors become mutually supportive and complement each other.

Caste feeling

One person who must be wishing very hard that Dinesh Singh is not returned as commerce minister in the next government is commerce secretary Amarnath Verma. Verma has never got along well with the former Raja of Kalakankar but the last few months have been quite bad for him. Udyog Bhavan sources indicate that Verma has been completely marginalised by the former external affairs minister whose favourite is fellow *thakur* Surendra Singh, special secretary in the ministry. The appointment of A.V. Ganeshan, special secretary in charge of GATT negotiations has also taken away work from Verma, who was sought to be shunted off a few months ago to his parent cadre of Madhya Pradesh. Verma, a 1956 batch officer, with more than two years of service to go was however able to resist this move.



Singh: helping a fellow thakur

Hi-falutin' promotions

Elections may mean different things to different people but for officials of the Election Commission it means promotions. Close on the heels of the poll notification, two EC men were promoted as secretaries and the secretary was elevated to the post of principal secretary. (This is apart from the two election commissioners appointed on the eve of the poll announcement.)

And not only this, these promotions were given coverage by Doordarshan in its main Hindi news at 8.40 pm and English news at 9.30 pm. This is a trifle surprising because though the positions may sound to be hi-flying, a secretary to the EC is merely equivalent to a deputy secretary to the government of India.

K.C. Saha, who now has the designation of principal secretary is in reality a middle ranking IAS officer with barely 14 years of service and in any other ministry he would at best have been a director.

Hoary practice

Government officials may be found a dime a dozen in New Delhi, but all promotions from the level of under secretary to deputy secretary and upwards have to be vetted by the Appointment Committee of the Cabinet (ACC) which is chaired by no less than the prime minister. This practice started in the early fifties when there were only 8-10 secretaries to the GOI and Pandit Nehru used to know them and other lesser officials personally. But with the proliferation in the bureaucratic machinery in the last thirty years it is idle to expect the PM to even have a faint idea of under secretaries in his own office, much less in other ministries.

Moreover, with the vast increase in the tribe of officials, their clout has commensurately diminished. For instance, the powers exercised by a deputy secretary in the mid sixties are now vested in a secretary. All this is a case for excluding deputy secretaries/directors at least from the purview of the ACC. But there seems to be no official move to do this, though this is long overdue.

Good-bye files, hullo voters

These days bureaucrats are turning into politicians. The latest entrant to the scene is the chief secretary of Assam, Amulya Prasad Sarwan. An IAS officer of 1958 vintage, Sarwan is in line for an Asom Gano Parishad (AGP) ticket for the Lok Sabha polls to be held in the state after two months.

Casual observers find the fact of Sarwan contesting on an AGP ticket a bit surprising. The chief secretary's forbears were tea garden labourers, a group which the hard core supporters of AGP do not count even as Assamese. And this despite the fact that these indentured labourers originally from Bihar, eastern UP etc, have given up their identity and accepted the traditional Assamese way of life. But as those in the know of things in Guwahati point out, Sarwan during his tenure has often bent backwards to appease his AGP bosses, especially chief minister, Prafulla Kumar Mahanta. And now he is sought to be rewarded for his manifold services.

On election duty

With the general elections round the corner, things seem to be moving fast in the finance, commerce and industry ministries. They are today involved in closely monitoring the economy, especially the price rise and trading at the stock exchanges.

The recent increase in the prices of essential commodities such as sugar and tea has led to the formation of a special committee of secretaries to monitor prices on a daily basis. The committee headed by the cabinet secretary T.N. Seshan also includes the finance secretary Gopi Arora. The monitoring covers, apart from sugar and tea, commodities like edible oils, salt, kerosene, diesel, wheat, pulses and LPG.

In fact, last week, the government claimed to have succeeded in its efforts to check prices spiralling. Sugar, which had shot up to Rs.15 per kg in the open market had been brought down to about Rs.9. Similarly tea was also brought under control. Although the government has no control over tea prices, manufacturers like Tata Tea, Brooke Bond and Lipton agreed to sell at Rs.40 per kg instead of at the market rate of Rs.60.

Meanwhile finance ministry officials have also been holding regular meetings with industry and business representatives to sort out pending issues. Gopi Arora held a high-level meeting with the representatives of polyester staple fibre and polyester filament yarn manufacturers to discuss the recent excise relief given to the industry. He also met FICCI representatives to discuss the norms regarding foreign investment in various joint ventures. Both meetings are considered important since the recent excise concession to the polyester industry is likely to benefit only a few manufacturers (those who have commenced production after 1 January 1988), and foreign loan policy for mega projects in the private sector have been liberalised.

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CORPORATE ALLIANCES

Players of pawns?

PARTHA S. GHOSH

These days, in the corporate world, the term 'strategic alliance' has indeed emerged as one of the most fashionable buzzwords. Particularly, corporations headquartered in the TRIAD (Japan, Europe and the US) and more recently, in newly industrialised economies (NIEs) often view collaborative solutions as powerful, if not quick, means to address strategic issues.

As technologies become more complex, sophisticated and expensive to develop, as businesses become more capital intensive, as markets get more fragmented, and most importantly, as the speed of technological obsolescence accelerates, companies around the world, in order to survive, will be increasingly forced to think big and, in turn, act global.

To meet this challenge of globalisation, even multinational companies like IBM, General Motors, General Foods and General Electric are continuously exploring ways and means of collaborating with 'distant' competitors to share the high costs and risks of technology development and commercialisation and at the same time to secure ready and quick access to markets and sources of competitive advantage in different regions of the world.

Difficult to sustain

However, alliances are difficult to manage and very few have sustained such relations in a meaningful fashion. It requires a mix of strategic thinking, collaborative skills and a continuous effort to upgrade the value each partner brings to bear on the other. In order to succeed, it is essential that management understand the forces that make such alliances necessary, the various forms alliances could take and the criteria of making these collaborations successful.

Corporate alliances could be classified into three broad categories. Type A includes alliances formed to satisfy the strategic needs of both collaborators. But, because of a lack of strategic commitment or collaborative skills of one in a relationship, only the other enjoyed a strategic edge. Many of the Japanese-US, Japanese-European alliances which, during the early stages of the formation, appeared strategically balanced, turned out to be opportunistic for the West, strategic for the Japanese.

One example here is the General Motors-Toyota venture in Freemont, California, formed in mid-eighties. This was designed with the objective that GM will learn production technologies from Toyota while the latter will have access to GM's multi-billion dollar R&D programme and its delivery infrastructure in the US. But, as it turned out Toyota has learnt what it wanted to learn, while GM is still struggling to make Kanban (the just in time delivery concept) a reality in its production lines — strategic for Toyota and opportunistic for GM. This type of relationship could be termed the type C relationship.

Marriages of convenience

Type B alliances are those in which both the partners take an opportunistic view of the market. Many of the alliances between Korean and TRIAD companies fall into this category. Such marriages of convenience to resolve specific problems (for Koreans to fill up capacity, for TRIAD companies to get a specific part, or a model made at low cost) were very conveniently used by the Koreans to convert type B to type C alliances, in which their companies secured a strategic edge over the counterparts.

The metamorphosis of Korean alliances from type B to C (in favour of Korea) were possible because, to begin with, Korean alliances typically involve two-way flows. For example, in the automotive industry, capitalising on the appreciating yen, voluntary restraints on exports to the US from Japan and the healthy North American appetite for low-cost, fuel efficient cars, the Koreans have built relationships with the US and Japanese manufacturers to buy low cost components from Japan, import design and automation technologies, and secure access to global markets. In 1980, Korean industry's total production was less than 75,000 units which this year is going to hit the 2 million units-a-year mark. Also, the Koreans are today the best assemblers of the world.

The Indian scene

Recently, a board member of a major steel company in Japan asked, "Why do Indian corporate leaders talk about the size and quality of their engineering staff in their organisations, and still keep coming back to us (with half the number of engineers) for new technologies?" The answer obviously lies in Indian leadership groups' inability to manage skills, to think and develop strategies, and most importantly, the unwillingness to accept the fact that it is only through products and services (not artificial sense of pride) that one could earn the value a nation deserves.

In spite of all the talk on strategic thinking and modern management concepts, when one carefully examines the multiple alliances Indian companies have developed in the recent years, they appear rather shortsighted, and often so opportunistic that they could even hurt their own survival. Indian corporate leaders, businessmen

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(with only a few exceptions) go abroad, to import ready-made solutions (in the name of technology transfer) to serve the top 5 per cent, at best top 15 per cent, of the market.

Even worse, in the domestic market, they often fight with each other not on the merit of their brand name or corporate identity or management capacity, but on the basis of the value of the foreign tag. As a result, when viewed in the spirit of nation-building, two significant trends should be of major concern to the industry and government leadership.

First, because of this 'solution import' (technology transfer) phenomenon, our engineers are not learning solutions to the problems and our entrepreneurs are not paying the requisite attention to creating an innovative environment in their organisations. As a result, in spite of having a large pool of scientists and engineers in the country, Indian industry has not yet built up the basic confidence to develop and commercialise innovative products.

Second, given the shoddy performance of Indian products, Indian industry has started erasing that image by tagging on a Japanese or a Western brand. In the process, relative to any other developing country in the same economic league, penetration of foreign brands is significantly higher, while not a single Indian brand is well recognised abroad.

Household names

In the meanwhile, companies like Honda, Suzuki, Yamaha, and Matsuhito have used multiple relationships to promote their brands to become household names and, at the same time, have enabled them to keep their options open in India.

All such relationships are extremely opportunistic for Indian companies (which serve less than one per cent of global demand) while extremely strategic for the Japanese companies. They have their name and logo introduced in India with very limited cost and effort. Should India take off one day, Honda will then be in a position to pick and choose the best partner to accelerate its penetration in the Indian market.

In these terms, if one views the corporate world as a game of chess, Indian companies look like pawns being silently manoeuvred to the desires of the big players. What is more unfortunate is that while in the Indian context a collaboration agreement with a Japanese looks like a victory, it could well lead to the colonisation of Indian industry.

Could the partners on the chess board wake up and act as players? A quick analysis of the trends, external and internal, suggest that if India could put together an innovative act both at the macro economic level and the corporate level within the next four or five years, it could possibly stand on its own feet as a nation.

As liberalisation continues, at first, industry leadership has to accept the fact that to meaningfully survive in the competitive world, companies have to think and act global and put significantly more emphasis on serving the consumer. Like the Japanese in the fifties and sixties, the South Koreans and the Taiwanese in the seventies and eighties, Indian industry must explore ways to strike 'two-way' or 'give and take' alliances as opposed to the current 'one-way' alliances.

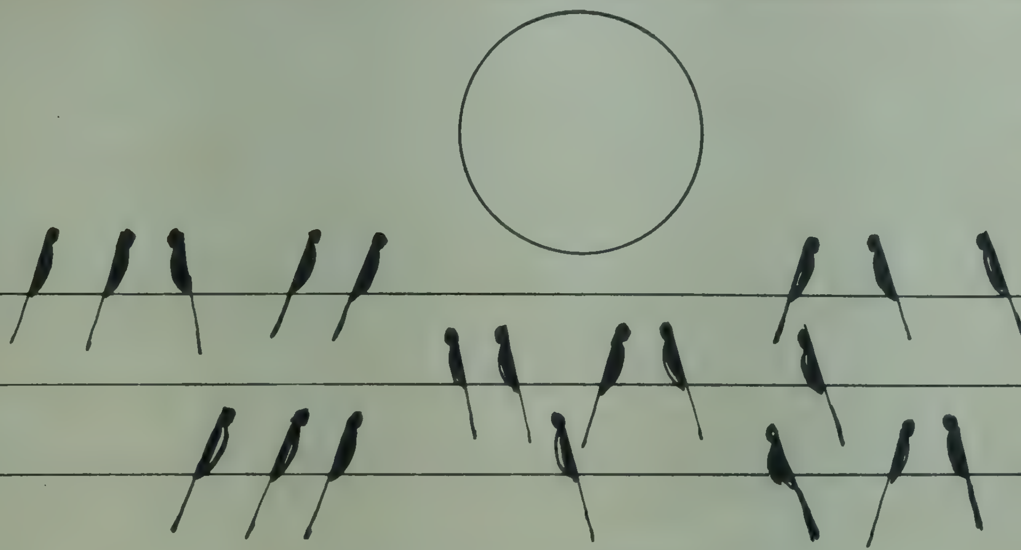
A change of attitude

The new approach towards type C alliance (in favour of India) or type A which is strategically balanced will require a fundamental switch in the processes and assumptions Indian organisations currently work with, in running their business.

- The scope of business should be continuously reviewed within the global and not just Indian context.
- Strategies should be based on analyses (not intuitions) of global trends which will not only affect India but also the other major countries.
- Strategies should attempt to identify commonalities between Indian and other markets in the world and then determine the relative value a specific company vis-a-vis its competitors could provide to the target market(s) in collaboration with potential allies.
- The chairman or CEO of the Indian company should realise the company's competitiveness which should be determined by its ability to add value to (and not just take from) the relationship.
- Extra effort must be made to cultivate innovative and collaborative skills within the company.
- Finally, keeping the partners' scope and size of business in mind, it is important to continually review the answer to the question, "What is in it for the collaborator? Are we both on a winning track?"

By the same token, Indian government should also consider a review of its approach in fundamental ways. In the last five years, while it did generate a lot of false excitement in the name of liberalisation, the country, as a whole, appears more confused, more frustrated and, above all, has become more opportunistic with an increasing decadance of work ethics. We have to move away from haphazard to strategic liberalisation.

India as a country has to expedite economic development; it has to network meaningfully with progressive economics. In order to do so, it should be clear in terms of its strategy (what the country wants to offer to the world and what it should take from the world), and be able to present to the world a standard of ethics in its decision-making and in its factories and fields. Only this will enable India to gain credibility to strike trust-based relationships. Balance of trade and a balanced growth can only be achieved when India can create a 'balance of trust', both within and outside.



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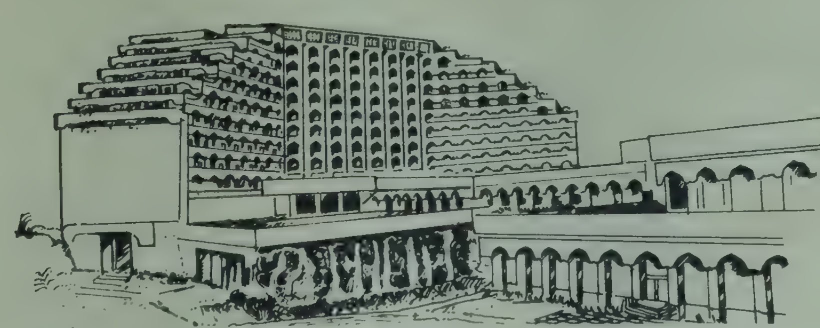

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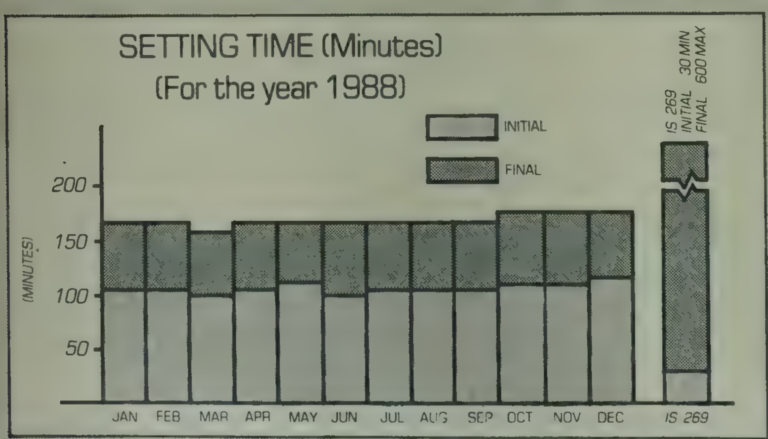

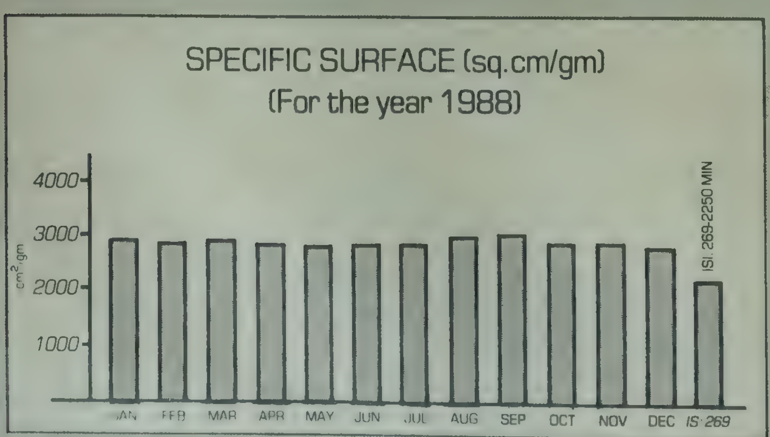

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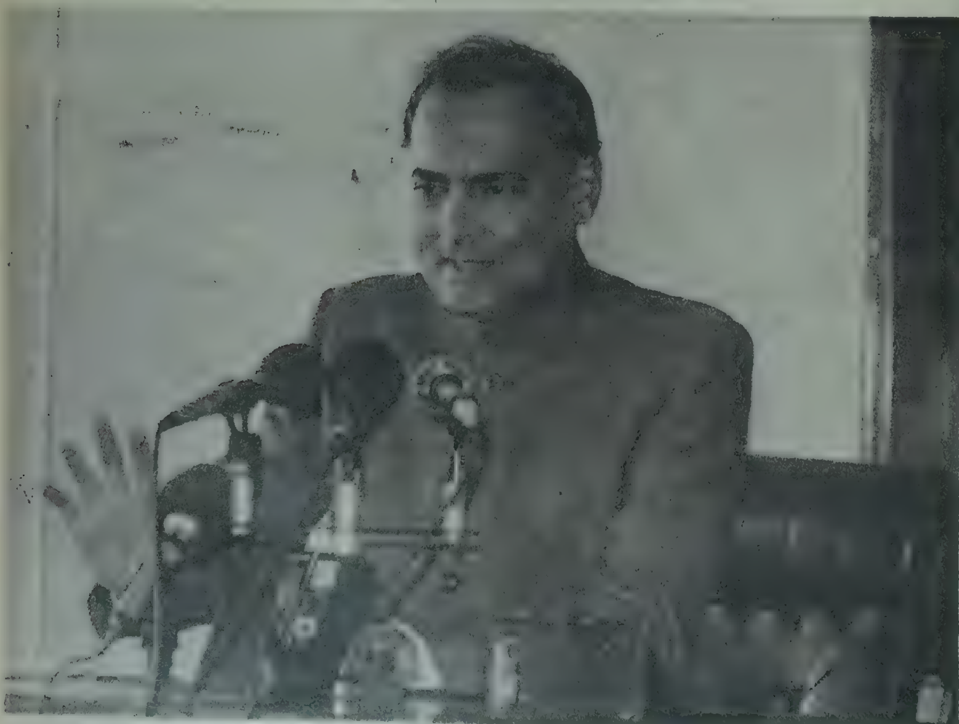
Economy and business under Rajiv

With the polls only a few days away, the question uppermost in everyone's mind is "will Rajiv Gandhi win or lose the elections?" There is no doubt that the results of the ninth general elections are going to be very, very close. Indeed, the voters have a difficult choice. But on balance we would vote for Rajiv Gandhi again

This decision to support the Gandhi government for one more term has been made after much agonizing and internal debate. And quite frankly, the only reason to support the government for another term is that the economy has been doing very well. But even in the economic field, although very many good things have been done, unfortunately the changes made have not gone far enough. The disappointment has been even greater because one expected so much more from this government.

Five years ago when Rajiv Gandhi swept the polls and was elected prime minister, *Business India* wrote an open letter to the prime minister (31 December 1984). At that time, we said that the overwhelming vote for Rajiv Gandhi, was not merely a sympathy vote, but a mandate for the hope he represented. We said that the people of India were hungering for leadership with a vision, and Gandhi, who was relatively unknown, had this yearning and hope pinned on him. That was why all the old "leaders", who had little new to offer, were swept away. Rajiv Gandhi promised a clean and efficient government that delivered the goods. This is what the people were hankering for. Rajiv Gandhi had all the advantages and would able to make things happen. The people would judge the government by its success or failure in producing results. And now the time has come to judge.



It is difficult to give unqualified support to the Gandhi government, given its record of the last five years. It started off very well, for the first year and a half, and then started slipping. A lot of its time and energy began to get dissipated in sticky political problems, many of which were of its own making. Rajiv's bold initiative in signing the Punjab accord with Longowal got bogged down when the government started back-sliding on the implementation and failed to take conciliatory steps to pacify the Sikh community, hurt and resentful over the failure to bring to book the culprits responsible for the Sikh massacres after Indira Gandhi's assassination.

Political problems

Rajiv Gandhi's foray into Sri Lanka was also both ill-advised and mis-timed. The cost has been terrible in human lives and with large sections of the Tamils and the Buddhists firmly hostile to India, nothing much has been gained. Ultimately there was no choice but to withdraw.

And then there is the infamous Bofors deal. It was bad enough to come to know about that huge commissions had been collected overseas, but it was worse to learn the collusion of the government in the pay-offs. It is not that anyone believes that the leaders of the opposition are lily white. The Indian public is painfully aware of the sad truth that political "leaders" of almost all hues are notoriously corrupt. But lie told to cover earlier deceptions is what really angered and upset people was that they were being told a lie. The Bofors scandal refused to die. The tragedy is that Rajiv Gandhi has done an about turn with all the corrupt and discredited elements back in the party saddle. And ironically Rajiv Gandhi is now going to the polls on the defensive, with his claims for a clean and efficient government in a shambles. V.P. Singh is now the standard bearer for a clean government.

It is also quite clear that as the government got preoccupied with Punjab, Sri Lanka and Bofors, it had little time for any decisive actions on the eco-

nomic front. In fact, many decisions just did not get taken. The contrast is also quite clear. Whenever the government did act quickly and decisively, the results were almost immediate and to the government's credit.

Five years ago *Business India* said that there was a widespread agreement that, over the previous decade, the process of planned development had failed to meet the legitimate economic needs and aspirations of the people. In spite of our human and material resources, the performance of the economy had lagged behind woefully. The system of licences, quotas and controls, based on out-dated ideologies, had suffocated industrial growth and stifled enterprise. What is worse, the policies we had followed made a mockery of any claims to social justice.

Business India argued that there need be no contradiction between rapid economic growth and social justice. Once this was accepted, a new set of policies could pursue growth unabashedly without getting bogged down in ideologies. Unnecessary controls and restrictions could be dismantled and social justice could be ensured through specific governmental interventions in favour of the poor and the underprivileged. We argued that a government, genuinely committed to social justice, would concentrate its limited resources, both economic and managerial, on the lowest third of the population which lives below the poverty line. It is this section that really needs governmental intervention and support.

Skewed priorities

Successive governments had failed to do this and instead, had been excessively concerned with industry and the middle and rich farmers who were capable of looking after themselves. It is these skewed priorities that left us with the worst of both worlds — short on growth as well as justice. While slogans were aplenty, no political party had the guts to question the old shibboleths and chart out a bold new course of action. The real challenge lay in creating employment and incomes for the bottom third of the population.

Judged in this light, the government has performed poorly. Admittedly, the challenge was daunting but it was precisely in this challenge that the possibility of a radical transformation of our socio-economic life lay.

Again because Rajiv Gandhi's election symbolised transfer of power to a new generation which heralded exciting possibilities, the disappointment has been even greater.

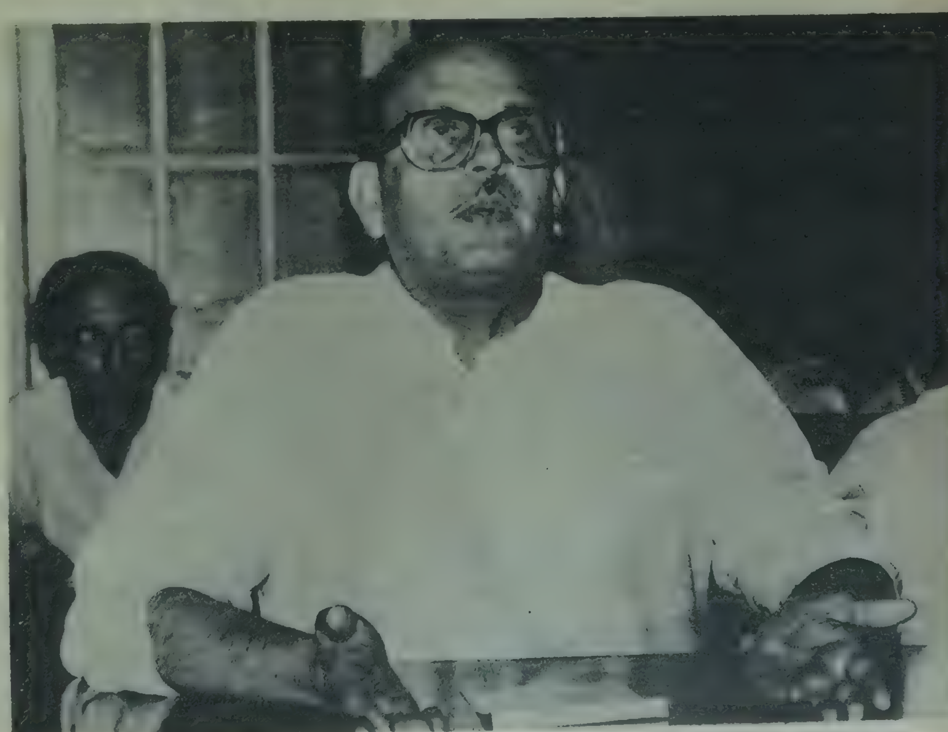
However, judging by what the opposition leaders have been saying, unfortunately neither are they thinking in these terms. In fact, it would not be unfair to say that economic issues are not of primary importance for the opposition. Moreover, with the opposition being composed of different elements with different backgrounds, there is much less likelihood of the opposition producing a cohesive economic policy.

It is nobody's case that economic policies are the only issues before the electorate. And in all the past elections, little attention has been paid to economic issues. The one exception was when Indira Gandhi went to the polls in 1971 with the slogan *garibi hatao*. (Unfortunately, the sad experience was that it remained merely a slogan.) However, after the hustle and bustle of elections is over, it is the mundane aspects of day-to-day living that matter to the common citizen. What are the goods and services of daily use available in the market? What is the quality and what is the price one has to pay? Equally important, are jobs available in increasing numbers? And what is the availability of basics like food and housing?

Business India has, for long, held that the average Indian has consistently got a raw deal. He/she has been caught in a vicious circle of unemployment or poorly paid employment (except for a few high wage islands), few basic facilities like housing or utilities, and poor quality goods at extremely high prices. Unfortunately, the Indian consumer has stoically accepted this plight. One must look at the track record of the government even as a key factor before deciding which way to vote.

It is in this context, that one must examine the economic performance of the government in the last five years. While few fundamental changes have been made, there can be no doubt that in many ways the Gandhi government has taken many steps to get the economy moving. Each step or measure by itself may appear marginal but together they have added up to have a significant and visible impact.

The interest in India has become even greater after the Tiananmen Square massacre when many westerners, earlier enamoured with China, were disillusioned



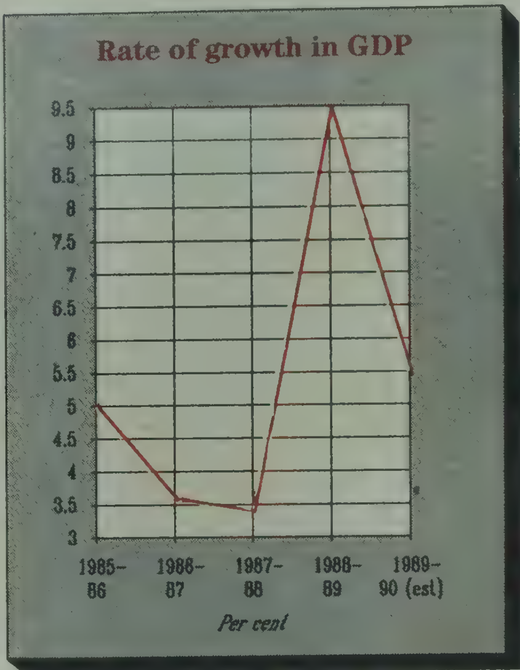
There is no question that liberalisation has worked well. The economy is very different today from what it was five years ago. In many areas, shortages have disappeared. The most visible examples are TVs, scooters, synthetic garments, computers and telephones. Also in core areas like steel, electronics and petrochemicals availability has increased dramatically. Many other goods and commodities are also being made available for the first time locally at prices close to international prices. But less obvious, there has been a sea change in the economic environment. Competition and cost consciousness have become the order of the day. There has been a shift in thinking from licensed capacity to minimum economic size. Businessmen are thinking in terms of viability in the longer run. And licences are no longer perceived to be a ticket to guaranteed profits.

The world has also begun to take notice of this economic re-awakening. And the world press is increasingly filled with articles on India. The interest in India has become even greater after the Tiananmen Square massacre when many westerners earlier enamoured with China were disillusioned. Many believe that, at last, India has begun to perform in relation to its true potential. Recently London's *Financial Times*, quoting an international agency said, "There could be a sudden and explosive movement into the pattern we have seen in other countries in east Asia. India would have no difficulty in achieving 8-10 per cent growth rate on a sustained basis". In a similar vein, *The Economist*: "However much or little credit Mr. Gandhi can claim for it (he liberalised the economy early in his term but for the past three years has stood pat), India has prospered mightily during his five years in power". There is a widespread feeling that India has somehow taken off.

There is no doubt that the statistics are very impressive. Take any key indicators of the economy and the numbers tell an interesting story.

GROWTH

During the last five years the economy grew at 5.25 per cent per annum or at over 3 per cent in per capita terms. This is higher than the 5 per cent target set for the Seventh Plan period which ends in March 1990. Considering our rate of growth of per capita incomes in the 60s and 70s was between 1 and 2 per cent (remember Raj Krishna's famous quip about our "Hindu rate of growth?"), the jump is very significant. The early liberalisation measures lifted the heavy hand of government in some sectors, particularly manufacturing, and the economy responded quickly. Thus, despite the usual ups and downs in agriculture during the last 5 years, the avereage GDP growth was at a higher level, thanks to faster industrial growth.



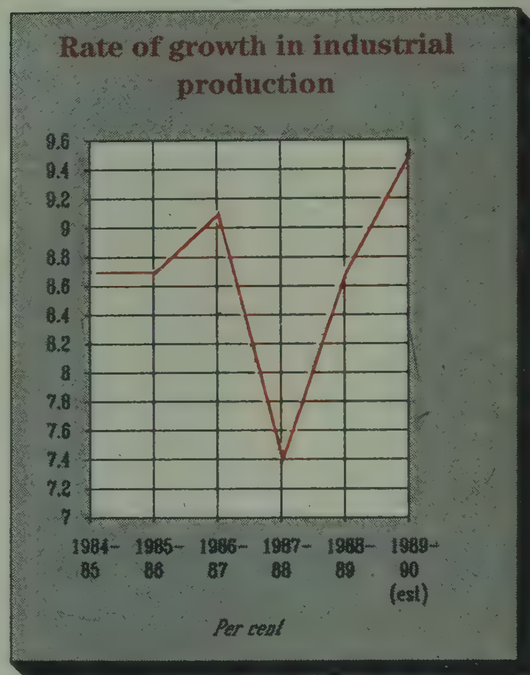
The planners have already set a growth rate of 6 per cent for the Eighth Plan. And it looks like we should have no difficulty even in surpassing this target. In fact, many believe the government ought to push for a higher target of at least 8 per cent. This is the rate achieved by many smaller Asian countries with fewer advantages than we have.

INDUSTRY

Industry has been the star performer in the economy. Once again, industrial production has exceeded the target envisaged in the Seventh Plan. Against the target annual growth rate of 8 per cent, the rate of industrial growth in the last year was about 9.6 per cent. It is true that in April-May of this year, the rate of growth slipped significantly. Production of steel, fertilisers, and sugar slowed down or even dropped. There has been a slowdown in the number of industrial licences granted. But most businessmen believe that this is a purely temporary drop on account of seasonal factors.

Most manufacturing companies have recorded profits higher than ever before. Across the board, companies have major expansions planned. Many industry observers believe that industry can grow even faster and a target of a 10 per cent rate of growth in industry is not too ambitious.

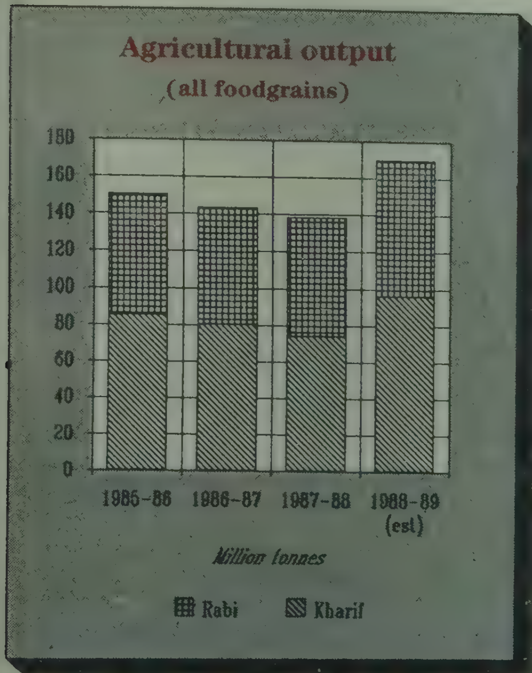
But industry still constitutes only 22 per cent of our GDP (1987-88). And several key issues relating to industry have not been addressed meaningfully. In particular, the public sector units as a whole (in spite of a marginal improvement recently) have negligible or even negative returns and constitute a heavy drag on industry as well as the economy. Also, while recent licensing liberalisation has made entry into the industrial arena easier, thereby increasing competition, the issue of permitting inefficient and unproductive units to close down has been avoided. But more on this later.



AGRICULTURE

The earlier investments in agriculture have begun to produce results. Two bad monsoons showed that our agriculture is far from drought-proof. But with the good monsoon last year, food grain production jumped by more than 25 per cent to about 172 million tonnes — an all time high. The country even has surpluses to export. Historically our agricultural sector has grown at 2.5 to 2.6 per cent per annum since the 50s. The growth in the Seventh Plan period has not been significantly different.

The government has continued heavy investments in irrigation, fertilisers, seeds and credit. A growth rate of 4 per cent per annum is being projected for the next five year plan. Critics of the government find this target too ambitious. They also point out that in spite of impressive statistics, the income levels of large sections of the agricultural population, marginal land holders and landless labour continue to be



pitifully low, usually below the poverty line. Moreover, improvements in per capita availability of food items cannot still be considered adequate given the unequal access to incomes and markets.

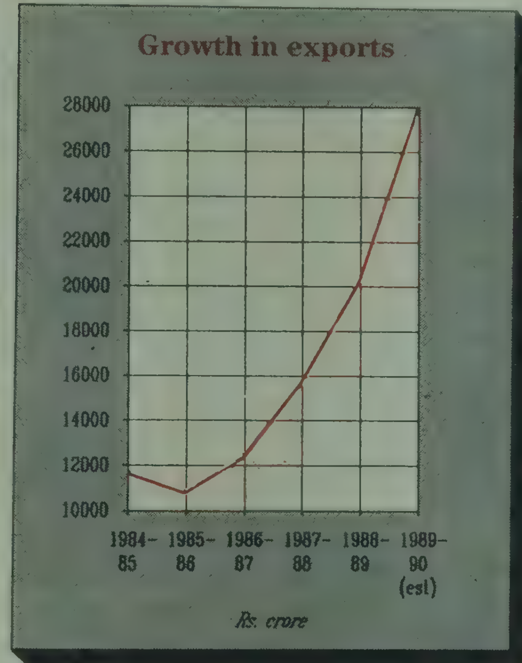
The major issues of subsidies and remunerative prices, too, have yet to be addressed. Also, the low employment generation, particularly in the richer agricultural belts is emerging as a major issue. However, experts believe that with basic food production taken care of, our agricultural sector will diversify into poultry, horticulture, fishing and agro processing.

EXPORTS

After independence, right up to the early 80s India's share in world exports kept slipping. In 1948-49 our share of world trade was two per cent. This has now come down to less than 0.5 per cent. Right through this period, our businessmen were defensive about the quality of their products and competing in the world market seemed a distant dream. But in the last five years exports have jumped, thanks to strong incentives like tax exemption on export income and the depreciating value of the rupee. Year after year exports have been a bright feature of the economy. Last year, exports increased by over 28 per cent, in rupee terms, and a little over 15 per cent in dollar terms. Consequently, we have just about begun to raise our share in world trade from the measly half per cent level.

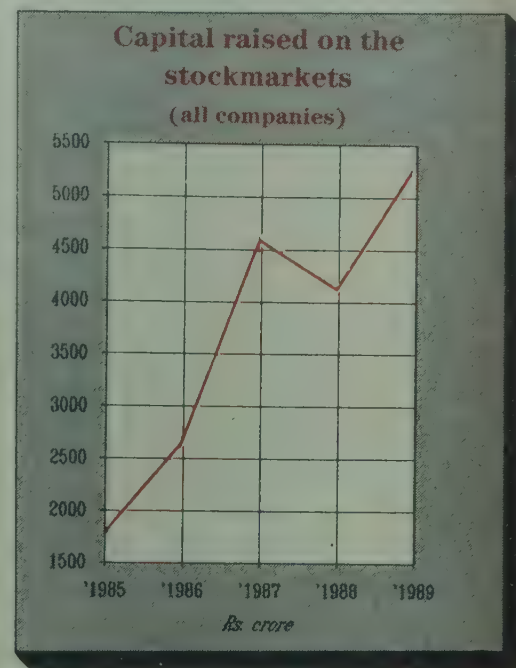
For the next plan period, exports are projected to rise by at least 10 per cent a year. But here again, a word of caution is necessary. The growth of our exports has been confined to a few areas which include gems and jewellery, leather goods, textiles and tea. More recently as modernisation of industry has got under way, chemicals, engineering goods and other industrial products, including cement and even petrochemicals are finding export markets.

In spite of the euphoria over exports, a fact little known is that many other countries, including Pakistan and China, have continued to perform better. Moreover, even with the projected increase, to Rs. 42,000 crore (in 1994-95) compared with the Rs.24,000 crore in the current year, exports will constitute only 8.4 per cent of our GNP. Presently they constitute only 5.2 per cent. Also a fact little known to the public is that the largest business houses have had poor export records in relation to their imports while the medium and small enterprises have contributed the most to the net foreign exchange inflow into the economy.



CAPITAL MARKETS

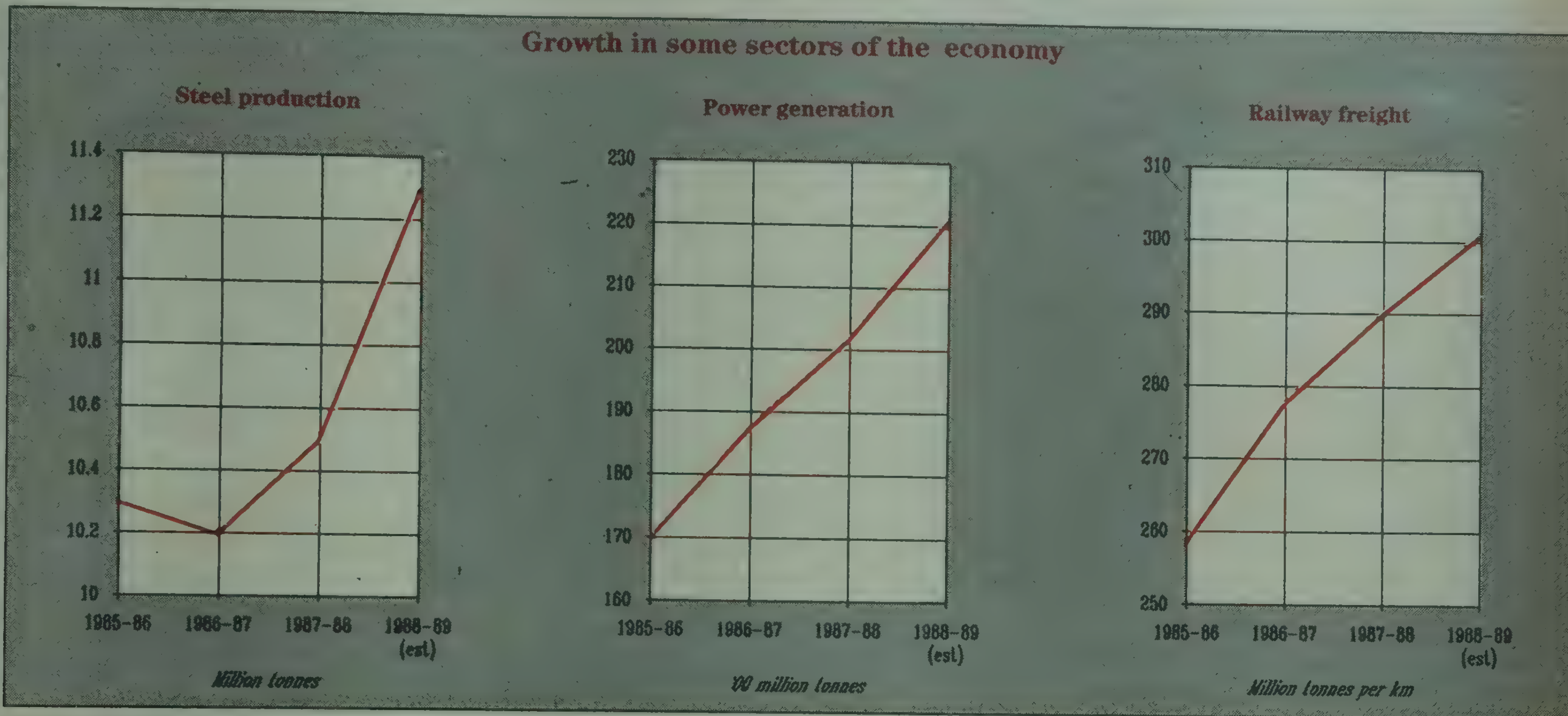
The buoyancy in the economy and particularly, in the industrial sector is reflected in the capital markets. By any measure the capital markets have boomed in the last five years. Last month the market reached an all time high with the BSE sensitive Index touching 798 (1989). In 1984, there were 3 million shareholders in the country. Today, there are over 10 million. More than 6,000 companies are listed on the 15 stock exchanges throughout the country, though Bombay accounts for 70 per cent of the business. The monthly turnover on the Bombay exchange has increased from under Rs.500 crore to over Rs.1,500 crore in the past five years. And almost 60,000 deals are done everyday. Outside the US, Europe and Japan no other stock markets have witnessed this level of activity.



As companies have prospered, the investing public has followed, wanting to share in their rising fortunes. The market capitalisation has increased from Rs.25,300 crore (1985) to Rs.42,045 crore (1989). Certainly, many market observers feel that the market has overheated. It is also widely believed that the financial institutions are supporting the market for political reasons. But even taking all these factors into account most agree that the markets are poised to grow further. In particular, there is a widespread feeling that if the Gandhi government is voted back to power the markets will climb rapidly.

Impressive statistics

With these impressive statistics, it is not surprising that the feeling is growing among many people, particularly the middle classes, that they are beginning to see some prosperity. The most visible signs of change have been the increasing number of colour TVs (over 2 million sold last year); cars (production crossed 200,000), particularly Marutis, even in some of the more prosperous villages; two wheelers, (production touched almost 2 million). Critics charge that the government has frittered away precious foreign exchange in kit imports and that heavy industry and self-reliance have been abandoned. But what they fail to recognise is the change in expectations of the public. The rush for consumer durables, has been only natural, considering how long the middle classes had been kept away from them. It is no use blaming the government when people



clearly want to exercise their choice.

The critics also fail to recognise the changes brought about by competition creeping into the economy. There is a sea change in the attitudes of businessmen. There has been a steady upgradation in quality. Everyone accepts that the licence quota raj is a thing of the past. They know they cannot survive if they cannot compete. There has been a qualitative change in the economy and even outsiders can see that Indian markets are significantly different from five years ago. Other critics of the government believe that the government has not pushed the changes far enough. But more on this later.

To be sure, this spurt in growth has not been without a cost. The main problem has been that inflation has again reared its head. Prices have started rising alarmingly this year. In fact, some people even believe that it is prices and not issues like Bofors that will decide the outcome of the election. Various factors have contributed to prices rising. The more prominent reasons include: government raising administrative prices of crucial inputs like power and steel which are under its control; the continuing need of the public sector for funds; and the huge deficit the government has been incurring even on revenue account. With the expansion of money supply, including credit to government, inevitably prices have started climbing.

In theory, an increase in production ought to keep prices under check. Or, of course imports can also keep prices down. In real life, however, constraints like power shortages and shortages of critical raw materials inhibit a rapid increase in production. Also the government is reluctant to use foreign exchange for imports to bring down prices. However, when there is a public outcry as witnessed recently over sugar prices there is no option in the short term but to import.

Hurting the poor

It is important never to forget that rising prices hurt the poor the most. And in the absence of specific interventions in favour of only the poor the gap between the rich and the poor begins to expand. Slamming the brakes on the economy, only for this reason, is hardly a solution. Once again, we must emphasise that social justice can be ensured through specific governmental intervention but only in favour of the poorest of the poor.

The other seeming cost of this growth has been the depletion in our foreign exchange reserves. The major criticism against liberalisation has been that the doors have been opened to unnecessary imports. Foreign exchange has been frittered away importing television components, automotive parts etc. For several months now, many politicians, bureaucrats and academics have voiced their fear about an impending foreign exchange crisis. Their solution: go back to the past, keep imports out and have a close domestic economy and manufacture everything ourselves, even at a high cost. Unfortunately this solution has no concern for the Indian consumer, who historically has had to pay the cost, willy-nilly.

Business India has consistently supported the liberalisation moves and, in fact, argued that the steps have not gone far enough. While it is true some wasteful imports have taken place, the bulk of the imports have been of capital goods and raw materials. Industry has begun to modernise and imports of machinery and components, while leading to a larger trade deficit in the short run, will begin to show results, in terms of higher exports, in the near term. As industry becomes more competitive, to begin with, the domestic consumer will benefit by better quality goods at lower prices. Then, as industry builds production in volume, exports are bound to follow. Some results are already visible. Prices of several items have come down and the black premium has disappeared. Take cement, computers, TVs and two-wheelers. All are available off the shelf, to the great relief of the consumer, and even exports are beginning. This situation was unthinkable five years ago.

But inspite of these major changes, India continues to remain a very poor country. The per capita income still is amongst the lowest in the world, illiteracy abounds and disease is still rampant. Moreover no matter how impressive the changes may be, the fact remains that very little investment has gone into basic facilities like housing, roads, water and sewage. Even as we approach the 21st century, a third our population is without all the basic necessities of life.

Business India's criticism of the Rajiv Gandhi government is quite simply that it hasn't gone far enough. In spite of the visible change in the economy, the govern-

ment has consistently fallen short or pulled back from making any radical changes. Look at the changes made by Margaret Thatcher or look at Gorbachev's *perestroika* and it's easy to say how few have been the structural changes brought about by the Gandhi government. The government has taken little steps at a time. It has gradually loosened some of the bureaucratic rigidities of the licensing system and it has delicenced some industries. It has also raised the MRTP limits. It has been more liberal with imports. Cumulatively, these little steps have resulted in major economic changes. But what is crucial is that there have been no changes in the framework of the regulation which still remains intact.

Firm control

What in effect the Gandhi government's attitude has been is that the government will process files faster. The government has opened the tap to allow a much faster flow. But its hand is firmly on the tap and it reserves the right to turn off the tap whenever it chooses. Keeping this in view, it is quite clear that the politicians or the bureaucracy can use the same regulations to slow down decision-making considerably.

In each of the areas of success, there has been the same hesitation to make basic changes. Take the capital markets which have boomed. The old paradigms still rule. The Controller of Capital Issues retains all his powers over approving new issues and the pricing of new issues. The cost of money in the market continues to be determined by the government and the Reserve Bank of India. Government and the institutions continue to monopolise public savings. There have been a few new mutual funds but none in the private sector. The hard-earned savings of workers in provident funds can still only be invested in government securities. The much touted SEBI remains a non-starter.

The opposition has seen some dangers of this government domination. It has protested vociferously over some of the recent mega issues or the L&T take over but the opposition has not, at any stage, even contemplated changing government control direct and indirect, over the markets. The sad fact also is that liberalisation has come to be associated with corruption in the minds of many.

Also the government, after making some initial noises, has quietly ignored the problems facing the public sector. The long promised white paper on the public sector continues to remain an internal document on which there has been little agreement. The most inefficient public sector units continue their voracious apetite for public funds. There is barely any thought given to closing down or selling off such loss making units. The opposition finds it equally convenient to ignore this basic issue.

As far as inefficient private sector units go, both are equally silent when it comes to closing them down. While they recognised that true competition requires not only freedom of entry, but also freedom of exit, neither the government nor the opposition is willing to state their position openly for fear of offending organised labour. There is also the mistaken belief that this is the only way to protect jobs. However, experience worldwide has been that as inefficient companies are closed down or taken over, the assets are quickly re-deployed and new jobs, on a more stable and sustainable basis, are created. A safety net can easily be put in place for the older workers who might be unable to be retrained with new skills to cope with the reorganisation.

Blinkered view

Similarly, the approach to the trade gap and foreign exchange reserves has been piece-meal. Of course, everyone wants higher and higher exports. But no radical measures have been taken in the approach to exchange control. Instead the rupee has been allowed to depreciate by over 50 per cent over the last five years to boost exports.

Business India has repeatedly argued that the government has taken too blinkered a view on foreign exchange (28 July 1986 and 20 February, 1989). We have long argued for at least a dual market in foreign exchange as a first step. In essence, such a scheme advocates that exporters or NRIs remitting money to India ought to be allowed to realise officially the full value of their earnings. At the same time industry ought to be required to pay the foreign exchange for its imports of capital goods or components at real market prices. If the economic logic was followed through, the bulk of import and export trade control laws, baneful kit imports, and also rigid licensing could be done away with.

Similarly the present government has not adopted a clear approach to foreign investment of capital and technology. On the one hand, the government has created fast tracks for foreign investment, but on the other, it has barely welcomed foreign investments on a large scale. With the Tiananmen Square massacre, the west is clearly disillusioned with China. A window of opportunity has opened wide. If the government really want to bring in foreign investment, literally billions of dollars are available for investments in productive industry. The return on such investment could be made dependent on export earnings so that the country would not have to incur further foreign debt. But unfortunately the government is letting this opportunity slip-by.

Changes stymied

It is unfortunate that all decision-making in the govrnment came to a halt after it got bogged down in Bofors. And any attempt at major changes was stymied.

There is no guarantee that Gandhi if re-elected would push through any radical restructuring of the economy as is required. But unfortunately, the opposition has not thought about such basic issues either. On the contrary the opposition with its emphasis on the commanding heights of the economy appears to be a more dogmatic and resistant to change. But faster growth is necessary if we are to begin to reduce the social and political tensions of the kind that are building up today.

The question naturally arises whether V.P. Singh as prime minister would turn the clock of liberalisation back? While even today it might to be difficult to do so openly, only because the public would raise an out cry, it is more than possible that a new government would subtly do so. After all the entire legal mechanisms are still in place. The MRTP act could be enforced rigidly. Licences for projects large and small could again become difficult to get. Since technology and other imports are cleared on a case by case basis, the government could hold back on these. Similarly foreign investments, which are still cleared one at a time could be made to feel unwelcome. In this manner automatically there could be a significant slowing down. It is clear that the liberalisation of the last five years is not irreversible.

At the minimum, one can hope that the Gandhi government will push ahead with further liberalisation in small steps as it has in the past. Hopefully then as the public begins to get used to the fruits of further liberalisation for another five years, it would be politically very difficult for anyone to reverse the changes.

It is only for these limited reasons, we have extended our qualified support to Rajiv Gandhi's government.

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Inspired by the secrets of creation. In a palette of 35 designer shades, created, for the first time, to bring to life the colours of the earth. And the glorious hues of heaven. Give your home the divine splendour of Royale. Supreme luxury acrylic finish. The finest premium among premium emulsions. Perfected on earth by Asian Paints.

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"We have doubled the productivity in our steel making shop. Without changing the furnace."

Mr Rajeshwar Singh, Divisional Manager, SMS III, believes he has learnt a lot from this experience. He also feels that there is a message in it for every Indian industry.

Tata Steel has taken a pioneering step in its Steel Melting Shop No. 3. As discarding old furnaces (that guzzle energy) is a difficult and expensive proposition, Tata Steel commissioned KORF technology in its old open hearth furnaces and successfully reduced heat working time from 9-10 to 4 hrs. The result : a direct 50% reduction in specific fuel consumption.

Another major energy saving step was taken when Tata Steel adopted the Concast technology, eliminating one entire stage of heating and rolling. In a few years, Tata Steel aims at achieving a 400% increase in the continuous casting (Concast) route—ensuring massive energy savings.

The Tonnage Oxygen Plant

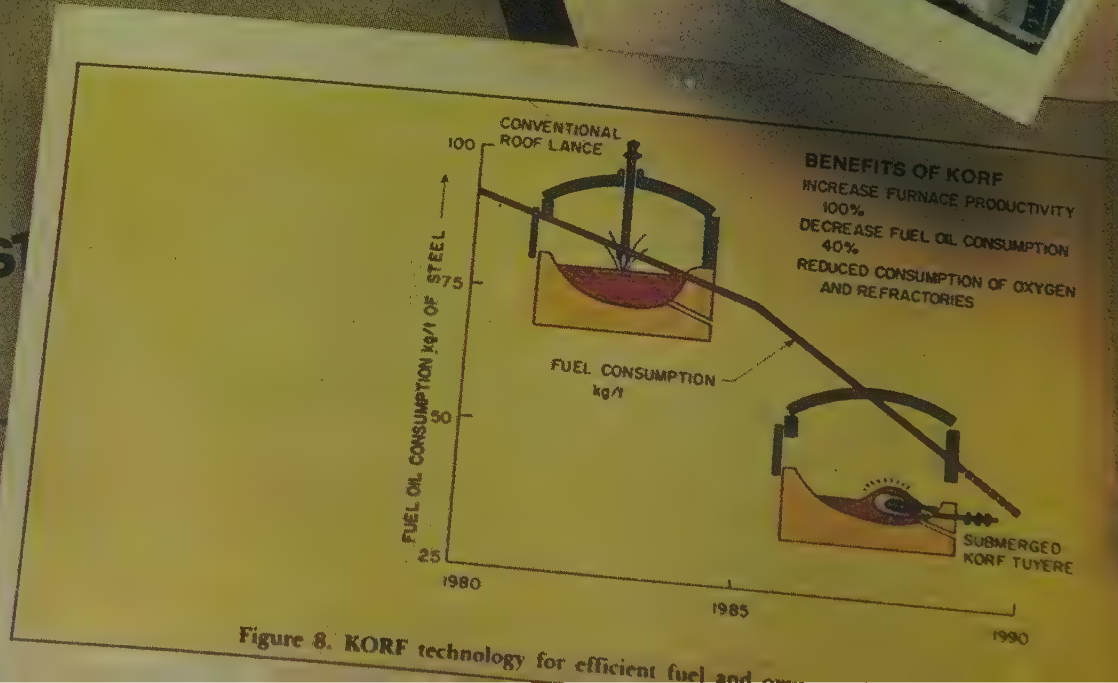

Figure 8. KORF technology for efficient fuel and

Gracing the 'Greens'
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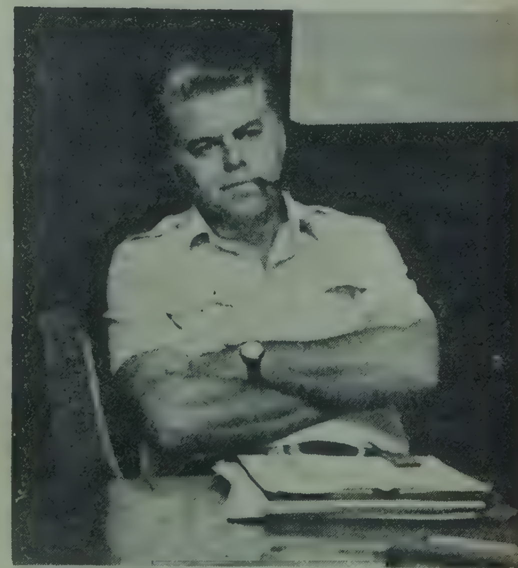
SHADES OF NATURE... RECREATED ON FABRIC
Manufactured by: L.S. Synthetics Ltd., 315/316, Parvati Industrial Estate, Sun Mill Compound, Lower Parel, Bombay 400 013.
Tel. 493 75 90/ 494 69 85/ 494 71 26 Telex: 011-73768 KINS
IRIS/LSS/892/4

ICI

Uncertain times

The shape and future of ICI India's activities in India hang in balance. It has to evaluate whether it should stay in fertiliser business, or move into new business areas in order to safeguard its profitability in the future



Sengupta : "we want ICI to be a tiger"

"A number of inaccurate statements have been made in the press about ICI India, including that the fertiliser business has been divested and that ICI was engaged in systematically asset stripping the company with a view to repatriating the proceeds. No decision to divest the fertiliser business has been taken.

"The fertiliser business is at a stage where very large fresh investment is required if its future is to be protected. Strategies for the longer term future of the business continue to be examined," — P.E.G. Daubeney, Managing director ICI India Ltd (in a letter dated 17 October to his management staff).

Abhey Oswal of the Oswal Agro group has been repeatedly stating that he is negotiating for the purchase of ICI's fertiliser plant at Panki, near Kanpur. Also, there has been speculation whether ICI is planning to sell its polyester staple fibre plant at Thane and whether its parent company ICI intends pulling out of India.

No one among the workers or the junior staff knows what the current top management of ICI is up to. ICI has, over the last two years sold its antiquated alcohol-based LDPE plant at Rishra near Calcutta for Rs.14 crore and has also sold Crescent House, its office in Bombay's Ballard Estate, to the Ambanis for Rs.28 crore. If Panki too, is sold, ICI would be disposing off a division which generates about 40 per cent of the company's turnover.

Into new areas

When Jahar Sengupta, the chairman of the company, and Daubeney met the press in Calcutta recently, they didn't deny that Abhey Oswal had made an offer for the plant. But they pointed out that they had not made up their mind about the sales and they wanted to keep their options open. Also they explained their plan for moving ICI into areas catering to the consumer rather than stay in areas where government regulations play havoc with the smooth functioning of the units, as in the case of two of the ICI's own major business areas, fertilisers and polyester staple fibre, both facing problems essentially as a result of obdurate government policies. The areas opted include ICI's existing businesses like agro-chemicals, pharmaceuticals, paints and explosives, as well as high-tech areas like the manufacture of polyurethane and acrylic sheet, where they can tap the proprietary technology of their parent company.

From October 1987, when Daubeney took over as managing director and Sengupta as chairman, the fertiliser division has been fraught with problems. It was a drought year and ICI faced with the problems of huge stocks, was finally forced to shut down one of its three urea streams to bring stocks under control.

Heavy price discounts have also eroded the profitability of the business. A 7.5 per discount on the selling price of fertiliser, given at the instance of the government, in kharif 1988 and rabi 1989 was reimbursed by the government only for one season. Subsequently, the government 'unofficially' asked ICI to continue giving discounts. Public sector units around Kanpur are giving discounts as high as 12 per cent, and ICI's discount rate has gone up as high as 10 per cent. Also the new fertiliser pricing policy has affected the future prospects of the business.

Nitric acid plant : highly energy inefficient

As things stand now, with the changes in the pricing formula fertiliser manafacture has become less profitable. Daubeney maintains that ICI is less affected than newer plants. Two urea streams at Panki are over 20 years old, so even under the new policy they are expected to produce only at 80 per cent capacity utilisation. But the third stream, which became operational only in 1981, is now expected to produce at 85 per cent.

Revamp expensive

The new policy has directly influenced ICI's shift in its stance regarding fertilisers. According to ICI watchers, the two older streams have only six or seven years of useful life left. To make the operations economical, plant modernisation has to be taken up with immediate effect, though Daubeney and Sengupta claim that modernisation can be done in a phased manner over the next 10 years.

The management estimates the cost of modernisation of the two streams to be in the region of Rs.300 crore. ICI plc has a low cost ammonia technology which is ideal for retrofitting older plants. ICI has, for years, planned on adding a fourth stream at Panki, which would cost another Rs.250 crore. And, "Rs.550 crore is a lot of money to invest in any business," says Sengupta. With the new policy's higher capacity utilisation norms coupled with lower depreciation benefits, investment is not as attractive as it used to be.

Whether ICI's management decides to sell the fertiliser unit or not, the issue is complicated by the disastrous perfor-

mance of the polyester staple fibre division, the investment needs of the existing divisions and also of the new projects. ICI started making polyester staple fibre at their plant in Thane in 1965. Capacity was increased in stages till it reached 10,000 tonnes.

It was the company's decision to expand its capacity to 20,000 tonnes in 1986 that precipitated the crisis. The plant which was commissioned in March this year, at a cost of Rs.60 crore, has been shut down since then. Says Sengupta, "If the expenditure on the plant had not been committed in October 1987, we might not have gone ahead with the project.

The problem is, of course, excess capacity. There is installed capacity of about 240,000 tonnes of PSF but actual demand is only 70,000 tonnes.

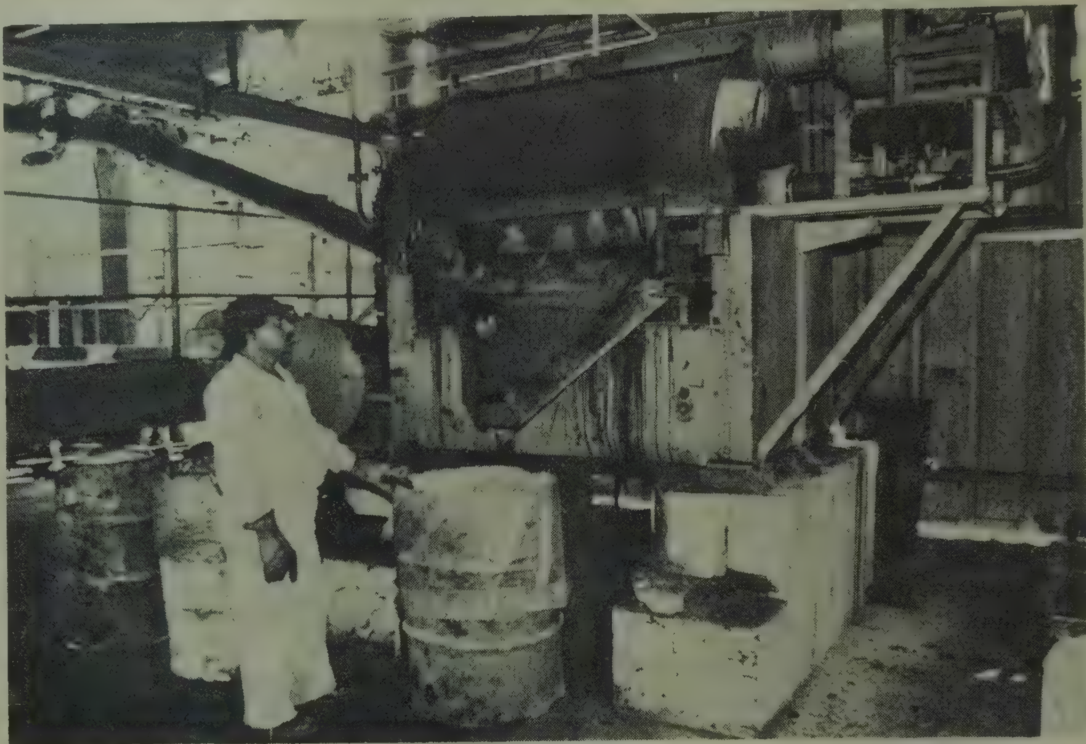
Not enthusiastic

It has been said that ICI plc was not enthusiastic about the staple fibre expansion. The parent company felt that the country had a lot of capacity in the pipeline, and that the licensed PSF capacity was in excess of demand. But the management team headed by S.S. Baijal, then chairman and chief executive, decided to go ahead with the project.

According to Raman Seshasayee, chief executive, fibres division, ICI confidence was buoyed by what they felt was the thrust of the textile policy, which laid down that fiscal levies on man-made fibres would be reduced. In 1985, excise duty was reduced from Rs.45 to Rs.25. The cut in excise helped the demand to grow 25 to 30 per cent per annum up to 1988. (Later in 1988, the cut was reduced to Rs.15 a kg.)

A financial profile

			(Rs crore)
	30-9-86	30-9-87	31-3-89 (18 months)
Net sales	438.12	400.23	693.62
Other income	75.20	78.18	183.35
Operating profit	53.27	48.89	96.02
PAT	19.40	5.05	20.90
Gross fixed assets	340.84	365.00	439.57
Net fixed assets	153.43	170.41	218.75
Earning per share	4.74	1.23	5.11
Dividend per share	2.25	1.25	2.25
Dividend pay out ratio (%)	47.47	102	44
Book value per share (Rs.)	38.27	38	40.21
PAT as % of total income	3.78	1.05	2.38
Equity capital & reserves	156.43	155.47	164.49
Borrowings & liabilities	159.56	264.30	338.85
Debt equity ratio	1.02:1	1.70:1	2.06:1



Rubber chemicals unit : major investment needed

In fact, the year 1988 witnessed a drastic fall in the fortunes of the PSF market. Consumer preferences moved from polyester cotton blends to polyester garments. This boosted the use of PFY. The shift was based, in turn, on an improvement in technology which made pure polyester garments, though hot and uncomfortable, more attractive to the consumer.

The composite mills that use PSF to make polyester cotton blends, incur high overheads which raises the cost of their cloth. The powerlooms use PFY to make pure polyester cloth, as a result of which the cost of pure polyester garments are competitive with polyester/cotton blends. In addition, duties on PFY were also reduced in 1988 from Rs.83.75 to Rs.53.75 per kg. According to Seshasayee, growth in PFY jumped by 50 per cent while that of PSF fell by 12 per cent.

Continuous increase

The fall was due also to a continuous increase in the price of PSF. During the period, prices of raw materials like PTA, MEG and glycol spurted, for no discernible reason. According to Sengupta, with only one producer of PTA, the prices should actually be set by BICP. But they aren't and the prices of PTA are exorbitant. As a result of high input costs, the ultimate selling cost of PSF is high and as demand for polyester cotton fabric is price-elastic, there has been a demand recession.

ICI is thinking of way in which its new plant can be put to use, such as, whether it can be used to make other polymers. Export possibilities are also being explored. "We still believe that a time will come in three or four years when demand will pick up again," says Sengupta.

As things stand now, ICI's investment in its PSF plant is a heavy drain on the company's resources. Especially when ICI needs to make major investments in its existing division to keep them competitive.

ICI, a pioneer in the area of explosives, faces a situation where there is a substantial overcapacity in the industry and competition from 17 other producers. "We have the most comprehensive range of products in the country," says Sukhbir Dhupia, general manager (commercial), explosives division. This, coupled with the fact that ICI has constantly been introducing innovations in explosives, allows it to function at close to full capacity when others hover around an average 40 per cent capacity utilisation.

There is one large consumer, Coal India, which consumes 60 per cent of the total explosives production in the country. As a result, prices are not rising as fast as costs. "What we are attempting is to contain fixed costs and at the same time increase our productivity," says V.K. Mushran, general manager (works), explosives division at Gomia in Bihar. Though upgrading of the Gomia plant facilities is an ongoing task, major investments will have to be

The parent's plans

In 1984, four companies in which ICI plc had a stake, Alkali and Chemical Corporation of India, Indian Explosives Ltd, Chemicals and Fibres of India and Crescent Dyes and Chemicals, were allowed to amalgamate and came to be called IEL Ltd. ICI plc was allowed to maintain a 50.8 per cent holding in this company because the bulk of its business was in the core sector. This year a decision was taken to rename the company to ICI India Ltd to reflect the commitment of the parent company to its Indian operations.

One of the curious and little known facts about the merger is that ICI plc cannot divest its shareholding to just any Indian entrepreneur. The government of India still has a nine per cent shareholding in ICI. And one of the conditions (Daubeney says it could be called a request) of the merger was that ICI plc would give first option to the government of India if it decided to sell its shareholding.

Intriguing questions. One of the intriguing questions about ICI (India) is why it did not grow significantly after its amalgamation. Liberalisation in India really took off in 1985 and ICI could have participated in the boom.

Observers explain this as due in large part to a change in orientation of its parent company and its desire to grow in the US market. ICI plc also appears to have lost interest in setting up large projects and has chosen to fuel its growth by acquisitions.

ICI plc is the largest wholly British manufacturing group. Its turnover in 1988 was 11.69 billion and profit before tax 1.47 billion pounds. It is today the fourth largest chemical company in the world after BASF, Hoechst and Bayer. But in 1980 after the hike in the price of oil, ICI's major raw material, to $ 34 a barrel, it made its first loss ever.

Deeply affected by this event ICI plc re-oriented its entire strategy. Until then its major focus had been on bulk industrial chemicals. Under the chairmanship of John Harvey Jones and later under Denys Henderson, who succeeded Harvey-Jones two and a half years ago, the company moves into high- technology, speciality businesses like pharmaceuticals, polyurethanes and agrochemicals.

It also moved aggressively into the United States where it spent more than $ 3 billion on acquisitions like Beatrice Chemicals, Glidden Paints (which made it the largest paint company in the world) and Stauffer Chemicals. According to observers, India with its relatively small turnover took a backseat because ICI plc was cheesed off by the bureaucratic delays which didn't make it worthwhile to expand here.

Today, the company's focus is changing. ICI plc foresees the Asia Pacific region, including India, as a new growth area and expects that chemical sales will rise to 40 per cent of world consumption by the 1990s. Observers who know both the parent company and its Indian offshoot well are uncertain about ICI plc's intentions in India.

They point out that the company's present board has no great emotional affinity with this country. If the company manages to establish projects in high technology areas like acrylics and polyurethanes it could remain interested in India. But if the projects don't work out it has shown abroad that it is quite willing to divest investments which don't pan out.

made for erecting a new 120 tpd nitric acid plant, which would replace nitric acid plants erected in 1958 and 1962. Energy inefficient, they consume almost half the power the entire facility consumes. The new plant would consume virtually no power. Plagued as Gomia is by constant power shut-downs, this would be a substantial advantage. The investment required would be Rs.25 to Rs.30 crore.

Like explosives, the rubber chemicals division needs major investments. ICI, which competes with PIL and Bayer in this range, needs an anti-ozonant. As ICI plc has got out of rubber chemicals, the Indian company has tied up with Sumitomo of Japan and the plant which will require about Rs.16 crore, will be set up at Rishra near Calcutta.

Additional investment

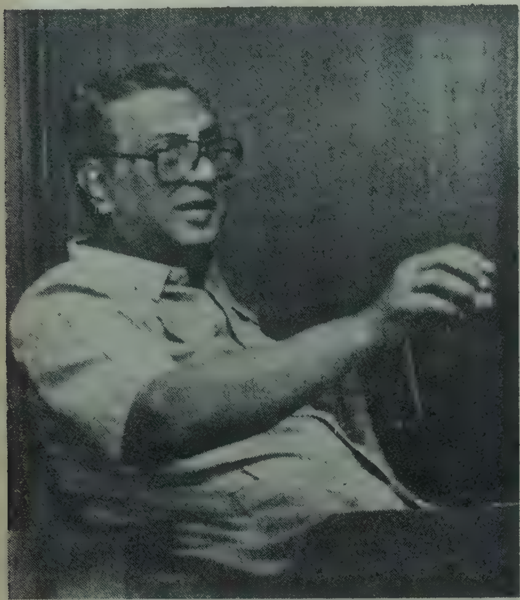
Paint manufacture at Rishra is also being expanded and ICI would like to set up another manufacturing site on the West Coast, which would require an investment of Rs.15 crore. An application for permission has been made to the government. There is also a proposal to produce at Rishra, membrane cells for caustic-chlorine manufacture at a cost of Rs.12 crore.

At Ennore, where ICI is manufacturing tenormin, a beta blocker, an investment of Rs.4 crore is required to make the drug from the basics, instead of importing the intermediates. ICI has also proposed to the government that, as it is already manufacturing synthetic pyrethroids, it should be allowed to manufacture a third generation pyrethroid, karate.

Besides its existing areas of operation, ICI would also like to venture into the manufacture of polyurethane systems and polyols based on the MDI (methyl diphenyl di-isocyanate) route. An application for a letter of intent is pending with the government. "Only a few companies have technology based on MDI: these are Bayer, ICI, BASF and DOW. But only ICI plc has been willing to license the technology to India," says B.P. Patel, general manager, technical.

The project will be set up in two phases. The first phase involves the setting up of a plant to manufacture 6,000 tonnes of polyols and speciality prepolymers at a

Gomia explosives unit : functioning at close to full capacity



Daubeney : strategies continue to be examined

cost of Rs.25 crore. The second phase to be set up at a cost of Rs.190 crore, would be for the manufacture of 15,000 tonnes per annum of aniline and 20,000 tpa of MDI and its variants.

Backward integration

The acrylic sheet project will also be set up in two phases. The first phase involves the setting up of an acrylic sheet plant where the products will be of optical clarity. Then, there will be a backward integration into the manufacture of methyl methacrylate (Rs.100 crore).

Though ICI has chalked up an ambitious list of projects, it has been criticised because none of the projects appear to have got all the government approvals as yet. Daubeney appears confident of getting the approvals. The proposal for manufacturing an anti-ozonant in Rishra does not require a new licence, and the foreign collaboration agreement with Sumitomo has been approved. ICI applied for the polyurethane systems and polyols project in 1988, and Daubeney expects the permission to be granted in the near future. It has also applied for MRTP clearance for its MDI/aniline project. "The government wants us to do that, so we don't anticipate any problems at all," says Daubeney. In June this year, the company applied for an acrylics sheet plant which again, according to Daubeney, will find clearance very soon.

Even if the projects are cleared, where will the finances come from? "We are still looking at it in terms of options," says Sengupta. An effort will be made to fund projects in existing businesses out of internal accruals, says V.K. Bahree, a whole time director. ICI has about Rs.80 crore in reserves which it could use to fund such projects. But its performance in the months ended March 1989 and in the previous year have not been that inspiring. In fact, out of a total after-tax profit of Rs.20.90 crore, in 1989, almost Rs.15.86 crore accrue from the disposal of fixed assets. Bahree defends the decision of ICI to pay a 22.5 per cent dividend which resulted in a payout of Rs.9.20 crore, because it works out to only 15 per cent on an annualised basis. "Shareholders expect a steady dividend policy," says Bahree.

Other options for financing are an increase in equity, a convertible debenture issue or an increase in borrowing. "Borrowing is alright as long as your gearing rises only temporarily. Otherwise you expose yourself to the risk of a downturn," says J.M. Charlton, whole time director. Disposing of assets, like Crescent House, will help the company tide over problems like the non-performance of the PSF plant.

The management team at ICI is positive that they are more than willing to dispose of non-performing assets. The logic is clear — it is better to dispose of such assets rather than support them with borrowed money. Though Sengupta is not willing to comment on what assets could be disposed of next, the unions in Calcutta suspect that the head office in Calcutta could be next on the block. And, as Sengupta points out that while having assets is one of the major strengths ICI has, the main effort is to turn ICI into a slimmer, more competitive company. "We want ICI to be a tiger, not a pussy cat," he adds.

Panki fertiliser plant : on the block?

Seshasayee: confidence in government belied

The company is trying to cut costs. It has a generous voluntary retirement scheme and its staff strength is now 8,712 against 9,000 in 1987. But the company, especially in areas like clerical staff, is still overmanned.

The management is confident that if they can show the right projects, and the profitability, ICI plc would be willing to subscribe to a rights issue. Considering the quantum of funds involved, it is quite clear that to pull off the polyurethane and acrylic projects, ICI would have to turn to the market.

But that leaves a big question mark on what ICI plans to do with its fertiliser factory. Bahree is confident that, after the general elections the new government will do some hard thinking. Already investors are cautious about investing in new gas-based fertiliser plants. It is unlikely that the government can afford to drive away private capital from the fertiliser industry. After the elections, if the government is worried about the size of the fertiliser subsidy, the farm gate price of fertilisers could be increased. In any case, the whole fertiliser policy is being reviewed. There is also some hope that there will be rethinking on the government's textile policy which may revive the sagging PSF market and ICI's future in it.

If neither of these scenarios work out, ICI may have to make some hard choices — and one of these may involve the disposal of Panki. It might be the price the company has to pay to move into more profitable areas for its very survival.

■ EAPEN THOMAS

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PDIL

Primed to go

Having scored a coup bagging the Bindal Agro mega project, this public sector consultancy company has at last come of age

After almost two decades of waiting in the wings, the Sindri-based Projects and Development India Ltd (PDIL) now occupies centre stage. That it has been appointed prime consultant on a fertiliser project, especially one as prestigious as Bindal Agro Chemicals' Shahjahanpur project, is a landmark for the Indian fertiliser industry; this is the first time that both technology and complete supervision for a major fertiliser plant will be supplied indigenously.

However, this assignment will be a grim test for this public sector fertiliser consultancy company, especially with the demanding schedule set for it — to design, construct and commission a 1,350 tonnes per day (tpd) ammonia plant and a 2,200 tpd urea plant in 24 months. This is something which has not been achieved in India so far. With this project, the future should look up for PDIL. In 1988-89, it reported a net loss of Rs 9.5 crore on a total turnover of Rs 28.13 crore. The Shahjahanpur project will bring PDIL Rs.23.15 crore. Though this is a substantial fee as compared to the fees paid by other promoters for their plants, it should help modify the current scenario of losses somewhat.

Compelled to agree

Had prime consultancy for the project gone to Snamprogetti-Haldor Topsoe, until now the most popular contractors for fertiliser plants, it would have cost Bindal Agro a cool Rs. 64 crore. "Abhey Oswal's shrewd bargaining and, of course, the fact that we needed the project compelled us to agree to the lower fee," says V.R. Joharapurkar, chairman, PDIL. This significant cost differential is accounted for by differences in remuneration to the respective employees. A man-month at PDIL costs Rs 30,000 while the same at Snam is Rs.3 lakh.

The reason for PDIL's heavy loss in 1988-89 has been the low returns of its engineering division. Delays on three major gas based fertiliser plants at Kakinada (Nagarjuna Fertilisers), Babrala (Tata Chemicals) and Gadepan (Chambal Fertilisers) upset the division's projections. This setback has prompted PDIL to consider diversifying.

"Restricting ourselves to fertilisers is proving unremunerative and we are in the process of launching into several related engineering fields," says Joharapurkar. Diversification will take PDIL into the lucrative fields of petrochemicals, pipeline, defence and heavy water project engineering.

PDIL began as merely the research and development wing of the Fertiliser Corporation of India (FCI). In 1978, when FCI split into four companies, its R&D wing was also delinked and turned into an independent company, the Fertiliser Planning and Development India Ltd. Plans to diversify since 1983 prompted a further change in name to the present Projects and Development India Ltd.

Apart from fertiliser project design and consultancy, PDIL's other contributions to the industry lie in the manufacture of catalysts for both fertiliser and non-fertiliser processes. These brought in Rs. 21 crore of PDIL's total revenue, the rest being contributed by the consultancy division.

Arduous apprenticeship

Heretofore, PDIL has executed only comparatively small plants (900 tpd), as at Namrup and Sindri. It has been subcontractor to Snam, Topsoe and Pullman Kellog on the new gas-based fertiliser plants at Thal, Hazira, Aonla and Bijaipur.

As subcontractor, in charge of detailed engineering and execution, PDIL took its role seriously, at the same time greedily imbibing the foreign technology employed by the prime consultants. The results are notable with all plants being commissioned on schedule. With the Bindal Agro project, to be executed in 24 months flat, PDIL's earnestness seems to have paid in the end.

An elated Joharapurkar says, "A substantial part of the credit is due to Abhey Oswal for picking up the gauntlet by appointing us as prime consultants. We may not have been tried yet but after three presentations we persuaded him that we have the confidence to go it alone."

The blessings of the government as with other mega projects, was also critical. K.L.G. Consultants, who did the initial feasibility study for Oswal's bid, had arrived at a project cost of Rs 840 crore. A dissatisfied department of fertilisers shot down the proposals on account of high costs and, instead, recommended PDIL as alternative consultants. PDIL's study brought costs tumbling down to Rs.695 crore and secured Oswal the letter of intent.

Oswal consequently awarded PDIL prime consultancy for the project in a remarkable shift in trends within the fertiliser industry. Admittedly, it was perceived even in 1978, during the planning of the ten giant gas-based fertiliser plants, that ultimately the mantle of setting up fertiliser plants would pass on to Indian firms,

Johrapurkar and Chandra: the confidence to go it alone

like PDIL and the FACT Engineering and Development Organisation (FEDO).

Toward this end, Snam, Topsoe and Kellog, who took on the first of the giant gas-based plants at Hazira (KRIBHCO) and Thal Vaishet (NFL), took PDIL as subcontractor. It was then understood that PDIL could tackle the remaining seven plants to be executed in the eighties. As D.P. Srivastava, deputy general manager, Rashtriya Chemicals and Fertilisers, puts it, "It is only normal for subcontractors to graduate prime consultancies."

Loss to the country

But when the time came to implement NFL's plant at Bijaipur, the government developed cold feet. So Bijaipur too went to the Snam-Topsoe combine as did the other five projects until Shahjahanpur. Experience on two plants was considered insufficient.

All this, perhaps, cost PDIL and the country dear in terms of consultancy experience and in the outgo of foreign exchange. Senior officials in the department of fertilisers are noncommittal: "It is really for the promoters to decide upon their consultants." But undeniably, as industry insiders also agree, guidelines are set according to various parameters — technology, financing and consultancy — on a case to case basis.

There is then a case to believe PDIL was passed over for obvious reasons. But as Joharapurkar himself admits, "Even when Guna and the subsequent plants were being decided, there wasn't a standing example of our accomplishments. Both Thal and Hazira had barely commenced production. It isn't easily that trust is reposed in you for a Rs 800 crore investment." Now, of course, there are a string of successes to display, points out T.N. Chandra, managing director of PDIL, most significant among them being IFFCO's plant at Aonla which is performing at a neat 107 per cent capacity.

What change in status does being prime contractors really imply? As a spokesman of a foreign engineering and contracting firm elaborates, "Between providing technology under a licence on the one hand, to taking on complete turnkey responsibility on the other, is an immense range of roles. It is then for a promoter to assign the degree of responsibility to various firms."

Complete execution of such a huge engineering project passes usually through three stages. First, the process knowhow that is usually patented and is parted with in exchange for a fee under a licensing

Abhey Oswal: shrewd bargaining

agreement. Second, the basic engineering which involves the drawing up flow charts among other activities. Lastly, and the most valuable in terms of the software fees (ie, value added), is the engineering that requires the detailed designing, construction and supervisory work.

Little dependency

PDIL is handling all three functions on its own, except for borrowing "barely 5 per cent of technology from Haldor Topsoe for ammonia and Snamprogetti for urea manufacture, as opposed to 10 per cent normally," says Chandra. For this, no more than $ 1.2 million will be forked out to each.

Does PDIL's Bindal Agro assignment mean that we have achieved self-sufficiency in fertiliser technology? "Yes and no," says Joharapurkar, "because self sufficiency is a spurious concept. No firm carries within itself state-of-the-art technology in all processes. All of them, even the Europeans are compelled to borrow intermittently."

Technology is a rapidly evolving phenomenon where several new processes are introduced regularly. Insistence on innovation is perhaps more apt in the field of pharmaceuticals where ease of duplication makes the innovating firm reluctant to part with its technology.

In fertilisers, new processes are easily obtained for a fee. The fees PDIL has paid Snamprogetti are only a fifth of what the firm quotes in other markets. This is also because licence fees reduce with the execution of each new plant. PDIL's engineering capability lies in purchasing, absorbing and successfully executing that technology. "This is the contribution which we are confident of making to the fertiliser sector," says Joharapurkar.

Rugged and efficient

PDIL's plants may not be of state-of-the art, but they will be rugged and efficient. As Johrapurkar says, "We will build them so that they function well, irrespective of good or bad management."

All the gas-based projects set up in this decade have taken 24 months to execute after zero date. For the Bindal Agro plant, PDIL has managed to reduce the approximately 14 to 16 months taken up in various preparations and obtaining clearances to zero by simply duplicating IFFCO's Aonla plant. This will help PDIL execute Bindal on schedule.

A breakup of the various preparatory stages is illustrative. It takes six months to draw up the basic design after which it normally languishes in the Directorate General of Technology Development (DGTD) for three months for approval. DGTD clearance obtained, floating enquiries for equipment and receiving replies from manufacturers together takes another six months. By replicating Aonla, all these time consuming procedures are bypassed — no redesigning is necessary apart from the bare minimum, no DGTD clearance is needed, and no correspondence over equipment procurement as the list of vendors who supplied equipment for the earlier projects is already available.

And PDIL is already well on the way. Orders for 80 per cent of the equipment has already been placed. "This process can also be hastened because Indian firms have acquired considerable experience in equipment manufacture for fertilisers. Moreover tenders were also floated internationally," says Chandra. He dismisses reservations about the quality of the equipment deteriorating as a result of forcing early deliveries through advance payments. "Each of our vendors is a big name in his own field and won't compromise on quality for a few extra bucks."

All the names on PDIL's vendor list have a rich history — Mitsubishi, Hitachi, BHPV, L&T, Walchandnagar, Godrej, Lloyds, Texmaco, Siemens, etc. The question now is: will PDIL deliver on schedule?

■ ARIF SHARIF

BAJAJ ELECTRICALS

Slow but steady

The fourth largest company in the Bajaj group has shown a marginal increase in sales but there has been an astounding increase in profitability. This highly diversified electrical marketing company, now seeks to consolidate its market position by introducing new, technologically advanced consumer durables

At a Bajaj consumers meet recently, a middle-aged lady dramatically whipped out a bright red saree from her bag. Pointing to a burn near the border, she declared, "My beautiful saree got burned because I used a Bajaj hot iron!"

"This would not have happened," she went on, "if the company's pamphlet had warned me to wait for at least five minutes before turning the dial from high to low intensity." Immediately after the meet, the marketing department of Bajaj Electricals Limited (BEL) scrapped 37,000 new colour pamphlets it had printed to go along with the iron; the new ones carried the lady's suggestion. BEL had once again proved that it is not scared of regular interfaces with its customers and that it doesn't ignore their advice.

Shekhar Bajaj: "I am not greedy."

It is this concern for the customer which has made BEL a household name in the half century of its existence. Manufacturing and marketing fans, lamps, tubes, lighting fittings, motors, pumps, diesel engines, water filters, washing machines, geysers and other durables, the company has shown a steady growth over the years. Sales for 1988-89 reached Rs.96.29 crore (on an annualised basis). Gross profit for the same period (see table) was Rs.4.12 crore on a net asset base of Rs.8.54 crore.

Among its three divisions, lighting led with sales of Rs.50.76 crore, consumer durables followed with Rs.34.6 crore (with fans alone accounting for Rs.13.84 crore) while the newly formed agricultural division trailed with Rs.10.93 crore. The company recently rewarded its 2,700 shareholders with a 1:1 bonus and a 33 per cent dividend (again, on an annualised basis).

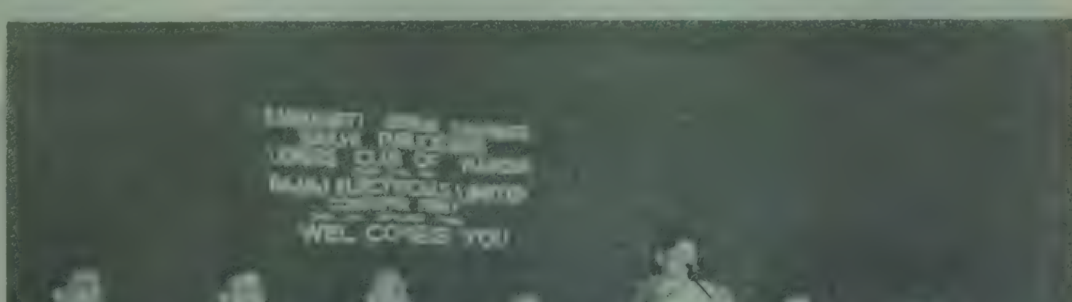
"A psychological whip"

"I always tell my boys that the customers' satisfaction should be their first concern," says Shekhar Bajaj, managing director of BEL for the last nine years. And because customer grievances have a tendency to get diluted as they percolate through the various levels of a company, BEL, in its guarantee cards, now asks its customers to complain to the Council For Fair Business Practices if their complaints are not attended to properly. "This acts as a psychological whip on all our staff and they treat the customer like God!" says Bajaj.

Adds G.K. Aithal, senior marketing manager, consumer durables, "We recently increased the guarantee period on our products from one to two years. Soon, we will start giving lifelong guarantees on some products."

This emphasis on customer satisfaction was strong enough to prompt BEL to withdraw from the then booming TV market in 1984, because it could not meet the massive demand for after sales service. "Once I sell a water filter, the customer generally does not come back to me unless there is something terribly wrong with the product," says a senior marketing executive at BEL. "But in the television business, the customer will call up the TV company even if there is bad reception on account of a faulty antenna. It then becomes very difficult for us to give regular, efficient after sales service, especially in small towns and the interiors."

An admiring competitor points out to other evidence of BEL's commitment to customer service. In 1988, instead of celebrating its golden jubilee year with colourful bashes all over the country, the company, without any fanfare, introduced a new customer-oriented arrangement: a give-back facility for all Bajaj products within three months of the date of purchase; no questions asked. "Customer service is not just an ideal with us," says N.R. Venkitachalam, senior branch manager responsible for the Bombay branch, which, with a sales turnover of Rs.5 crore



A Bajaj consumers meet: customer- oriented

last year and a 450-strong dealer list, is the largest branch in the BEL empire. "It is mutually benificial. Unless you serve a customer well, you won't benefit. Hence, a person can buy our product in Bangalore and get it serviced even at Guwahati."

With the purchasing power of the consumer having increased in the last few years, more and more companies are now paying closer attention to his needs. But what makes BEL's efforts in this field unique is the fact that with the exception of fans, tubes and bulbs, all the other products sold under its brand name are produced by about 200 small scale manufacturers or "vendors".

The fans are produced at Matchwel Electricals (India) Ltd in Pune and the lighting equipment at Hind Lamps Ltd at Shikohabad near Agra, companies in which BEL has majority shareholdings. The other products are reserved for the small scale sector, the government's rationale being that otherwise, by tying up with foreign collaborators, large companies will be able to monopolise the market. Hence, BEL only markets these products. And, over the years, the vendor system at BEL has evolved into a smooth, mutually beneficial arrangement.

"Vendor system"

The company picks up products for its lighting division from about 150 vendors in Delhi and Indore, and for its appliances division from 30 vendors in and around Bombay. BEL supplies the designs, its 25 purchase inspectors recommend sources of raw materials, and 30 quality control engineers inspect the finished goods and the processes adopted to manufacture them. "We provide our vendors with finance, standardisation and technical knowhow. Perhaps only Kleertone and Racold are as closely involved with their vendors, but not in such a big way as us," says Mukul Upadhyaya, senior general manager, publicity and promotion.

Bajaj does not philosophise about his company encouraging the small scale sector. On the contrary, he asserts that he would continue to pick up these goods from small-timers even if they were to be dereserved. "The vendor system is one of our strengths," he says. "If a vendor's batch is defective, I will reject it outright. But as a manufacturer I might tend to become soft towards defects in my own goods. And sometimes manufacturers relax their quality control standards just to remain financially viable."

The sales of marketing firms have traditionally tended to fluctuate. Once they have established their manufacturing process, vendors often become reluctant to share the spoils with a marketing company and start selling on their own. "In India, a marketing company is often looked at with distrust, as a mere middleman, an agent. As a result, marketing margins are always under pressure," says Upadhyaya.

Financial performance				(Rs crore)
	1985-86	**1986-87**	**1987-88**	**1988-89 (annualised)**
Turnover	73.94	81.77	86.77	96.29
Gross profit	3.76	1.73	0.47	4.12
Depreciation	0.12	0.69	0.29	0.32
Net profit	0.28	0.46	0.36	2.32
Net worth	9.31	9.15	10.16	15.24
Net fixed assets	3.71	6.71	8.65	8.54
Dividend (%)	25	25	25	33

BEL, however, has managed to hang on to its vendors. In the last 15 years, only about two or three vendors have deserted BEL. As a leading appliances dealer points out, this is because BEL ensures four things for all its vendors: timely payment, reasonable margin, a minimum lifting of goods every month, and reasonable growth every year. Says P.P. Vyas, senior co-ordination manager, "Our approach towards vendors is to see that they progress so that the company also gains."

BEL's vendor system has functioned effectively since the beginning. Sajjan Gupta's growth over the years is a case in point. At his units in Palghar, Tarapur, and Goregaon in Maharashtra and Raipur in Madhya Pradesh, Gupta produces stainless steel water filters, table and ceiling fans, luminaries and hot irons exclusively for BEL. His sales, which started at Rs.2 lakh in 1975, has now crossed the Rs.10-crore mark. "Thanks to Bajaj, we have grown at a rate of 20 per cent every year," says Gupta. "Bajaj Electricals maintains an excellent rapport with its vendors and is ready to solve all their problems. Payments are on the dot. And they do not encourage unhealthy competition among vendors."

Manufacturing activity in progress: a smooth vendor system

Ironically, the very same vendor system which BEL has nurtured so carefully, was responsible for a dip in the company's sales in recent years. BEL's sales had improved by 30 per cent each in 1985-86 and 1986-87. But in 1987-88, the growth was only 6 per cent and in 1988-89, 7 per cent. This was largely due to the excise duty introduced by the government, in October 1987, on branded products being manufactured by the small scale sector.

In protest, small scale manufacturers downed their shutters and marketing companies like BEL, which had been heavily dependent on them, suffered. Then again, 1988, the prices of aluminium, steel and copper — vital raw materials for BEL's manufacturing activities — suddenly escalated, with the result that the market could not absorb the resultant increase in the prices of finished products.

Cut in expenditure

These setbacks, however, helped BEL to become a neater, trimmer, more profitable organisation. Shaken by fluctuations elsewhere, the management decided that it would no longer be over-dependent on the market place and would work out ways to improve the company's margins. Hence it started cutting down on all controllable expenditure.

For example, extensive personnel movement and publicity campaigns came under the axe. "What was the rationale behind the continuing heavy expenditure on advertising our appliances? So we cut down our ad budget by Rs.1.5 crore," says

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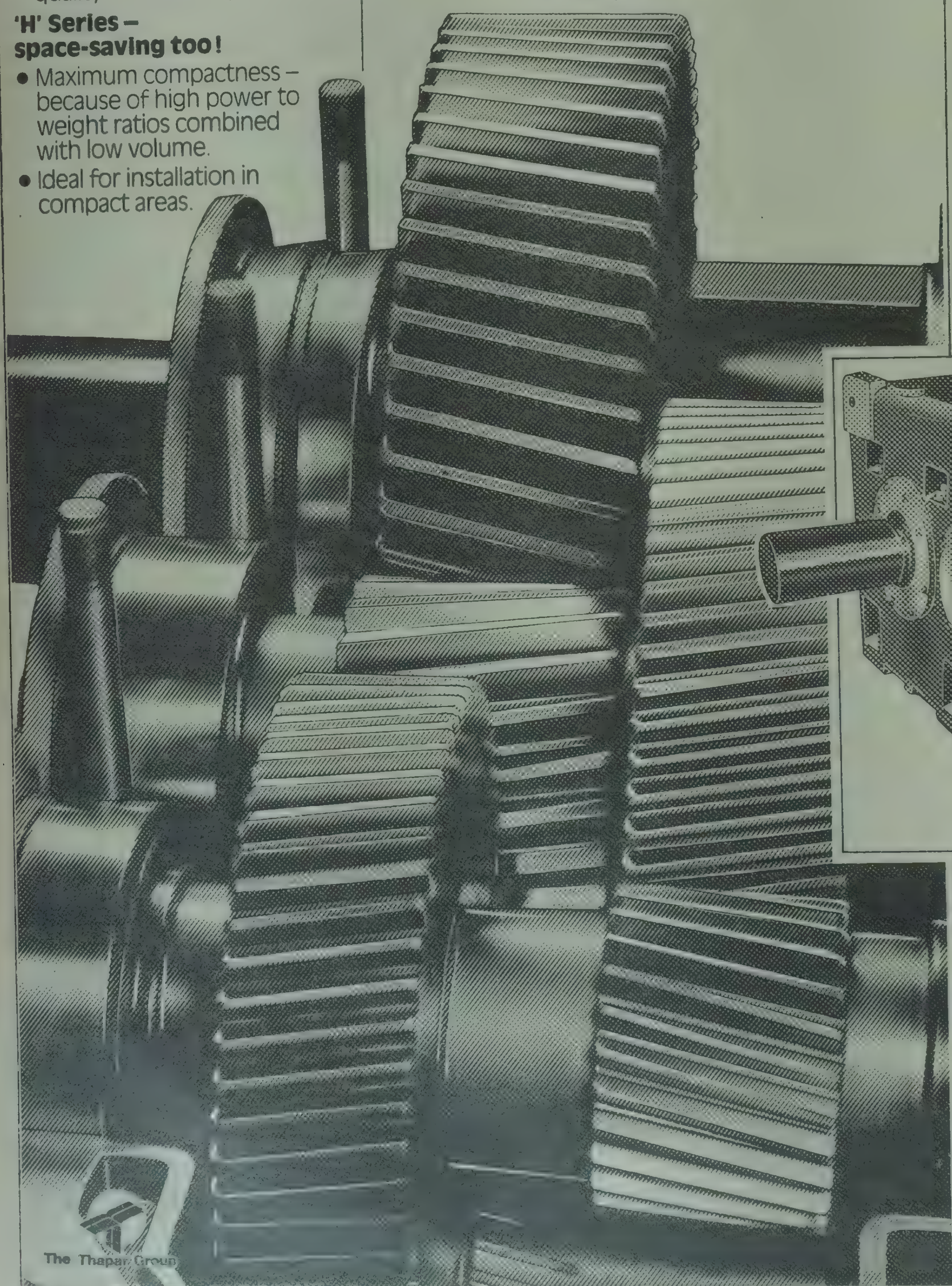

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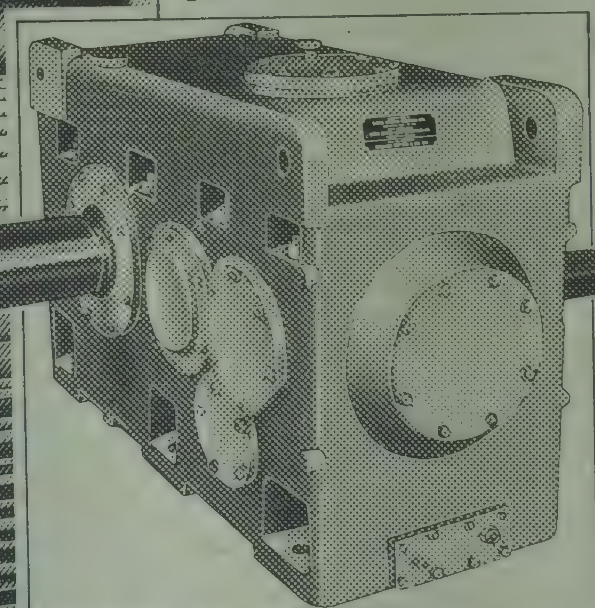

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Bajaj. "We have a courier system, yet there was excessive use of the telex at head office (in Bombay). So I sent a circular saying that copies of all outgoing telexes should reach my office every evening. Our telex bill immediately came down by 70 per cent."

Such trimming operations resulted in an increase in BEL's gross profit from Rs.47 lakh in 1987-88 to Rs.3.78 crore in 1988-89. Profit after tax was Rs.2.32 crore and the company now has a healthy reserve of Rs.1.14 crore. Sales in the consumer durables division increased by 6 per cent, in the lighting division by 14 per cent, and in the agricultural division by 15 per cent.

Though BEL is known mainly as an appliances company, it has been doing very well with its lighting products also in recent times. BEL's lighting division today controls 10 per cent of the Indian market and is second only to market leader Peico which has a 20 per cent share. However, "We are trying to change this trend since the market in lighting products is becoming more and more competitive," says M.B. Malkani, vice president, finance.

The increased competition has led to over-capacity and idle resources, not only for BEL, but the lighting industry in general. For example, there is an installed capacity of 84 million fluorescent tubes per annum in the country, yet the offtake is only 54 million. Last year, with the exception of Mysore Lamps, BEL and Apar Ltd, all the major players — including giants like Genelec and Laxman Sylvania — reported huge losses.

Turnkey projects

"We are now concentrating on turnkey lighting installations," says Ajit Mirchandani, vice president, lighting. BEL has electrified NTPC plants at Farakka and Kalgaon and BHEL complexes at Kolaghat and Chandrapur, besides the car parks at the Bombay and New Delhi domestic airports. The company is now vying for more orders from container berths, sports stadia and municipal corporations for monument lighting. It is also concentrating on high mast lighting projects for dockyards, marshalling yards, flyovers and city squares.

Besides lighting, BEL is facing competition in other areas as well. "Suddenly, Indian consumer durables are being considered reliable, spare parts are now easily available and the craze for foreign goods is dying to a certain extent," says Bajaj, explaining why more and more established companies are entering the fray.

Also, like all others in the organised sector, BEL has been affected by the increasing sale of spurious and duplicate appliances all over the country. There have been other pitfalls as well. Last year's bumper monsoon, and the severe winter which followed caused a glut in the fan market. As a result, BEL and other fan manufacturers were forced to sell some models at less than the market price.

BEL's large size has also worked against it at times; it has, for instance, limited manoeuvrability in a market which demands new products and new ranges every few months. If BEL wants to introduce a new product in the market, it has to start afresh. It has to start developing vendors who can produce on a mass scale and vendor development is a time-consuming process.

Unbeatable advantage

Even so, BEL's wide range has given it an unbeatable advantage. "You may turn to Sumeet for mixers, to Rallis for table fans and to Hawkins for pressure cookers. But in a Bajaj showroom, you find under one roof, almost the entire range of consumer durables needed for a household," admits a grudging competitor.

Even if it takes some time, Mirchandani and other senior managers are confident that BEL will be able to adapt to fluctuating market conditions. "Bajaj Electricals has a lot going for it," says V.S. Ramakrishnan, general manager, consumer durables. He cites the three main factors which could continue to work in BEL's favour: the goodwill generated by Bajaj Auto, the excellent marketing network of 4 regional and 20 branch offices and 2,500 dealers and the Bajaj name. "We always advertise under the Bajaj brand umbrella," confirms Upadhyaya. "The brand supports the product and vice-versa."

A Bajaj fan being tested: stringent quality control

And now BEL is gearing itself to meet new challenges. The marketing department is coming up with innovative schemes. Earlier, the company used to sell lamps and tubes mainly through wholesalers. Now, the company's vans are being used for direct distribution in some areas. "We are making sure that the consumer gets bulbs at a location nearest to his residence," says Venkitachalam. "A large part of our stock is now sold through grocery and stationery shops and department stores."

Thrust area

Another thrust area will be exports, in which revenues of Rs.5 crore are expected to be generated in the next year, as compared to the present Rs.2 crore. The company is already selling lamps and tubes in the Middle East and has plans to tap the Australian and New Zealand markets as well. Also, the company is in the process of finalising an agreement with a European electrical giant for the transfer of advanced high mast lighting technology. "By improving the market position of each of our products and by introducing new products, we expect to cross the Rs.200-crore turnover mark by March 1993," says Shekhar Bajaj.

Last fortnight, the company introduced a new cooking range in Calcutta. Other products on the anvil include a dishwasher, refrigerator, food processor, a coffee-making machine and vacuum cleaner. As always, funds will be generated through internal accruals, loans from financial institutions and suppliers' credit.

The last time BEL had gone to the public for funds was 20 years ago. Bajaj has no intention of treading the fashionable equity path in the near future. "I am not greedy," he says. He then underlines the philosophy behind BEL's steady but slow growth. "We believe in the fable of the tortoise," he says. "One shouldn't forget that after a fast rise, there is often a faster fall."

■ RAJU BIST

COCHIN REFINERIES

Upbeat mood

Having shed inefficiency and a burdensome partner, CRL's profits and performance have improved considerably

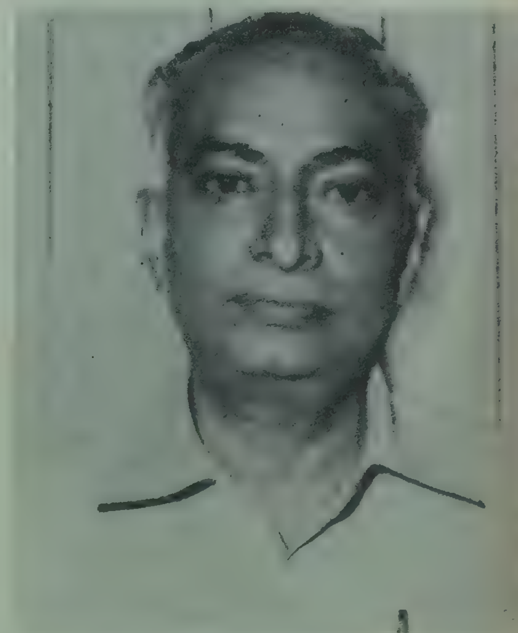
At Ambalamugal, a smoggy industrial suburb of Cochin, the end of fiscal year 1988-89 saw quite a few smiles break out in the boardroom of Cochin Refineries Ltd (CRL). There was reason enough for the good cheer: the refinery had hit a record throughput of 4.76 million tonnes, at a capacity utilisation of 105.8 per cent, the highest ever. Further, the year's profits had doubled. And a Rs.75 crore benzene plant had been commissioned during the year, promising a new phase of growth for CRL.

To top it all, CRL bagged a string of awards for performance and safety standards (FICCI award for pollution control, petroleum ministry award for energy conservation, M.K.K. Nair Memorial Productivity Award, British Safety Council Award). All told, as the directors reported, it was "a very eventful year of all-round record performances in various physical and financial activities."

Turning a new leaf

But a few years ago, smiles had not been common currency at CRL. Not only was the company burdened by an iniquitous relationship with Phillips Petroleum Co (PPC) (see box), it was also smothered by a reputation for an abominable record of safety (In three major fires between 1981 to 1984, the refinery lost over Rs.12 crore in damage to equipment and building). Both these failings have now been consigned to history. Since late 1984, CRL has spent about Rs.10 crore on sprucing up its fire-fighting capability. And in November

The benzene plant: heralding a new phase of growth



Jayaraman: a highly satisfying situation

1988, Phillips disinvested its shareholding in CRL, leaving CRL free to plough back its profits into the refinery.

CRL came on to the petroleum map of India as the fourth refinery in the public sector in 1963, when the company was incorporated. PPC handled the construction as a turnkey project. When installed three years later, the plant had a capacity to process 2.5 million tonnes per annum (mtpa) or 50,000 barrels per day of Light Iranian Aghajari crude oil. The capacity was expanded to 3.3 mtpa in 1973 and further to 4.5 mtpa in 1984.

But until recently, capacity utilisation was never high. In the decade 1977-88, the highest percentage of actual throughput to rated throughput was 93 per cent. (The average in the oil industry is around 95 per cent.) In 1984-85, the level was just 22.31 per cent, thanks to that year's major fire and plant shutdown. The next year was bad too. The new secondary processing facilities were being commissioned and so, capacity utilisation remained low (62 per cent). Net profit dipped to an all-time low of Rs.25.29 lakh.

The CRL management, however, is not perturbed by the low capacity utilisation of the past. It offers reasons for the shortfall in crude throughput: emergency plant shutdowns, tanker delays, problems of movement of naphtha and furnace oil. Above all was the diversion of tankers meant for CRL, depriving it of crude. Worse, CRL could not make up by substituting Bombay High crude since it was designed to process Iranian crude. (This limitation has since been overcome with a progressive increase in the processing of Bombay High crude, currently at the rate

Terms of dependence

In the early 1960s, when the Union government decided on a new refinery for the south, it had a tough time roping in a partner. None of the Seven Sisters of the international oil business wanted to collaborate in a joint venture. So the government had to woo smaller fry. It finally found a willing partner in Phillips Petroleum Co (PPC) of Oklahoma, USA (ranked 12 among US oil companies in 1980 and 30 in the Forbes 500 ranking). Through Duncan Brothers of Calcutta, the government entered into a formation agreement with PPC on 27 April 1963, to establish CRL.

Soon enough, however, it became embarrassingly evident that the partnership was far from equal. PPC had got the government to insulate it from any losses. PPC's artfulness — and the government's naivete and amateurishness — was further thrown into sharp relief in November 1988 when it divested its 18.49 per cent shareholding in CRL's equity.

Though the government would have wanted to be the privileged party to pick up PPC's holding it just could not do so. The reason: PPC offered a Rs.100 share for Rs.3,000.

RBI order. PPC was thus free to offload its shares in the market. RBI had ordered that 25 per cent should be sold to the financial institutions, 5 per cent to the company's employees and the rest (129,507) to the public. RBI had also fixed the selling price at Rs.220 per share, but PPC finally sold the shares at Rs.200 each.

The terms of the formation agreement were "heavily loaded in favour of PPC", as the Lok Sabha's committee on public undertakings (COPU) put it recently. The agreement guaranteed a margin (the difference between the landed cost of crude and the ex-refinery price of the products) of $ 1.35 per barrel of crude during the first 10 years and $ 1.30 for the subsequent five years. If in any year, this margin was not available, the government would have to make up the amount. CRL would refund the government such adjustments.

Realising it had not got a good deal, the government modified the agreement in 1969, but, nonetheless, the terms remained favourable to PPC. PPC was guaranteed a net after-tax dividend of not less than $ 388,270 per annum for 15 years.

In the 15 years from 1967 to 1982, CRL parted with a total dividend of 321.3 per cent of its equity capital of Rs.700 lakh. The total amount paid out was Rs.632.4 lakh.

Even the technical services agreement for the same period was "not in the interest of CRL," in the words of the Comptroller and Auditor General. PPC was exempted from liability for all losses, damages and claims. In fact, CRL had to protect PPC against such eventualities.

of 3 mtpa). At any rate, says the management, the government's standard to estimate a refinery's efficiency is based on a 90 per cent capacity utilisation. By that yardstick CRL's standard throughput is 4.08 mt. This has been surpassed in the last three years (see table).

Targets exceeded

Last year's operating performance was noteworthy, not just for the record capacity utilisation of 105.8 per cent. CRL exceeded its throughput target of 4.75 million tonnes. More important, it increased its middle distillate yield to 55.26 per cent weight of crude oil from the previous year's 54.17 per cent. This, stresses chairman and managing director J. Jayaraman, is an important measure of CRL's operational efficiency.

The Refineries projects for the future include expansion of capacity to 6.5 mtpa; production of petrochemicals like n-paraffin, polybutane and LAB and additional production of benzene and xylenes. Jayaraman says the proposed expansion will be a low-cost one involving about Rs.150 crore. (At current costs, putting up a refinery from scratch would call for around Rs.350 crore per million tonne capacity.) CRL also plans to tie up with Balmer Lawrie, Calcutta in a joint venture to manufacture polybutane/polyisobutylene (additive for cable jelly) and maleic anhydride. The proposal, which will result in an investment of around Rs.20 crore, has just been sent to the ministry of petroleum and natural gas for approval.

On the power front, CRL seems to have learnt from the past. Frequent power failures and dips sent the refinery off stream several times. The result: loss of production and money. In December 1982, for instance, the resulting throughput loss of 12,250 tonnes was estimated to have cost Rs.2.3 crore. CRL did not think of captive power generation, imagining that Kerala's power situation would always be surplus.

CRL's performance *(Rs. crore)*

	1985-86	1986-87	1987-88	1988-89
Crude throughput (mt)	2.75	4.166	4.111	4.761
Capacity utilisation (%)	61.1	92.6	91.6	105.8
Turnover	548.5	803.0	1,032.1	1,164.1
Profit before tax	0.25	4.65	24.79	48.36
Profit after tax	0.25	4.65	19.54	41.56
Share capital	7.00	7.00	10.00	68.48
Reserves & surplus	19.89	23.70	42.40	82.15

This fact "distressed" the Lok Sabha's Committee on Public Undertakings (COPU) which recently examined CRL. Its reports faults CRL for this lapse, "more so when FACT, a neighbouring public sector unit at Cochin, had established a captive power plant for one of its units as far back as 1971 and Madras Refineries and Koyali Refinery in Gujarat had put up theirs at the initial construction stage itself."

CRL is now making amends. With the help of BHEL and Tata Consultants, it hopes to commission by April 1991 a 20 MW captive power plant costing Rs.57 crore and based on gas turbines. This will make the company self-sufficient in power and also give it 60 tonnes per hour of steam for use in process units.

The current year will end in a lower crude throughput of 4.5 million tonnes. This is due to the 45-day plant shutdown this month for maintenance. But Jayaraman points out that despite this, the level represents 100 per cent capacity utilisation. The present mood in CRL is one of confidence. Says Jayaraman: "It's a highly satisfying situation. Our turnover now is over Rs.1,160 crore, about Rs.4 crore a day. In the next five years, we will be investing about Rs.1,000 crore in expansion and diversification." Jayaraman has no startling prescriptions for winning. Says he: "Success in the public sector depends on how aggressive an approach you take." ■

K.G. KUMAR

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NEHRU

The legacy of a luminous mind

Few statesmen of this country have so captured the hearts and minds of the people of a nation as Nehru did of India

If we are to appreciate Nehru's legacy we have only to look at modern India — a unified whole with all its pain and anguish, absurdities and pretensions, splendours and optimism. Modern history furnishes few examples of rulers in his mould, a statesman whose importance lay not just in the manner he so decisively shaped the destinies of his countrymen but crucially, in the words of the British historian, E.P. Thompson, because he exhibited values with which we can identify or by which we may be inspired.

Perhaps a caveat requires to be entered here. The obvious landmark we are celebrating is the centenary of his birth. It is also election year when Nehru's grandson is prime minister and is standing for reelection. The ruling party has a clear interest in pressing Nehru's reputation into service for their own political aims. This is not necessarily an ignoble exercise if some measure of respect and understanding is shown for the values and ideals Nehru stood for. For those values and ideals are not the birthright of a family or a heritage of a political party but remain universal. The concern, for constitutional proprieties, the rule of law, the independence of the judiciary, the freedom of the press — no matter how obnoxious press barons can be — secularism, an aesthetic sensibility which did not extend to Italian marble tiled swimming pools.

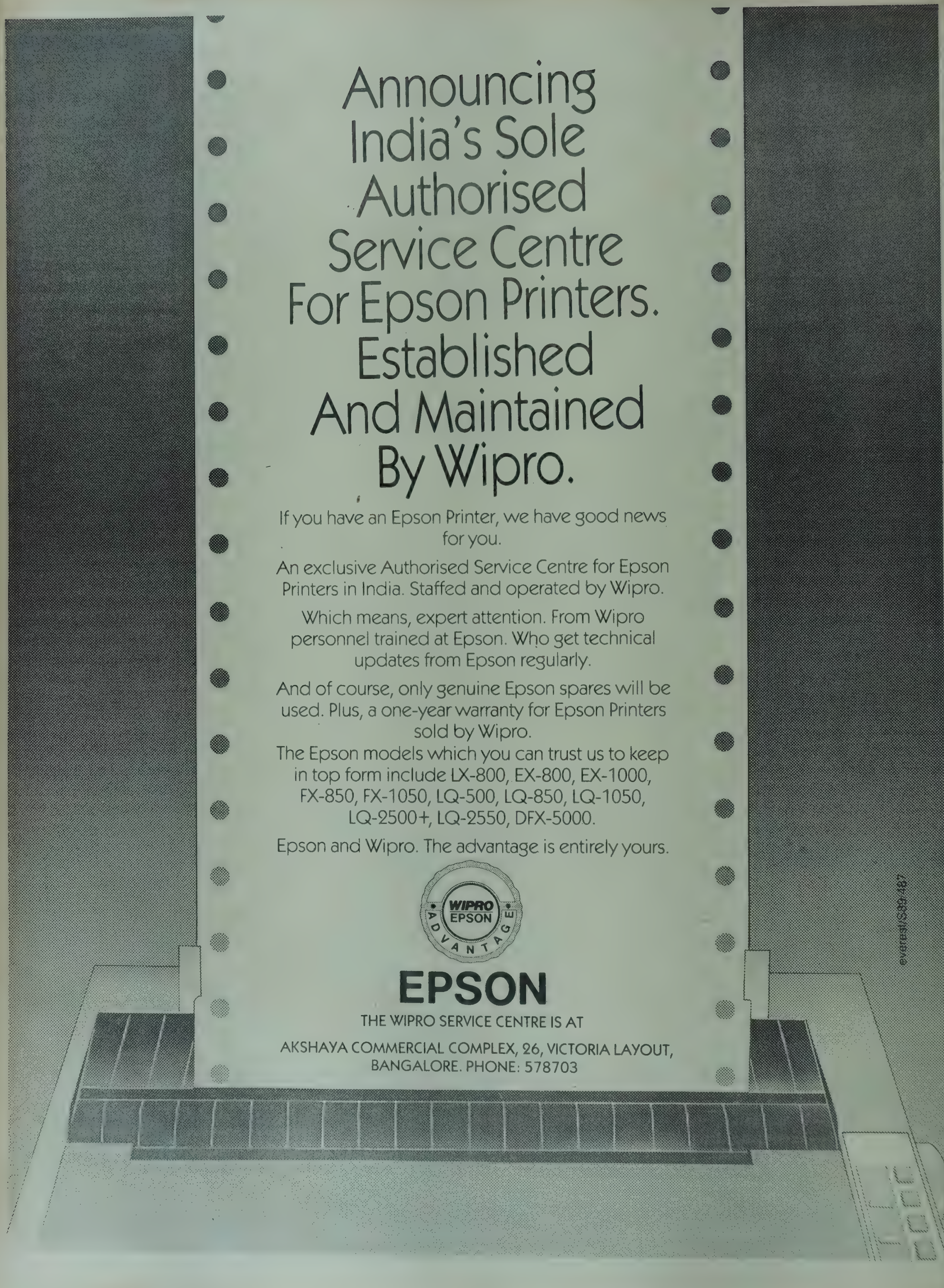
The non-pareil

By remembering these values we can assess how far our politics has degenerated and how far Nehru's successors have deviated from his high moral values. Politicians from all centrist parties are in a sense his heirs, they all pay lip service to essentially his socialist prescriptions, forgetting that his economic prescriptions were only an expression of his abiding belief in the high moral ground of policy. For generations of politicians and government servants of yesterday, today and tomorrow, Nehru will remain the exemplar, the paradigm; he is in the words of his biographer, S. Gopal, "India's once and, hopefully future king".

Nehru, perhaps wrongly, is thought of as the quintessential idealist. That he was an idealist inasmuch as he was influenced by a set of principles and values consistently through his political life is beyond question: his idealism though was of a very practical bent. Before anything else he was a nationalist, he unabashedly loved his country and having witnessed its partition was determined to preserve its unity and territorial integrity. His leftism was secondary to this, he was a socialist in the William Morris, Shavian mould, disgusted by the squalor and moral nature of prewar capitalism and its linkage with imperialism.

Nehru is often criticised and charged with having permitted corruption to grow through unrealistic policies, and further blamed for the consequent degeneration in values and the economic stagnation that for many years beset India. This criticism of Nehru is not confined to the right of the political spectrum, the left also has a grievance, charging him with retaining too much of the British legacy in the shape of the bureaucracy, tardy and reluctant to push through land reforms and mass education. These criticisms must be asked, but perhaps a good starting point is to examine the India Nehru inherited.

India in the 1940s was more of a geographical expression than a modern nation state. Large parts of India had been under princely rule, the various royal families having treaty arrangements with the Raj. The feudal hierarchies and the caste system remained substantially intact. Nehru was determined to forge a strong nation state on the western model, self-sufficient



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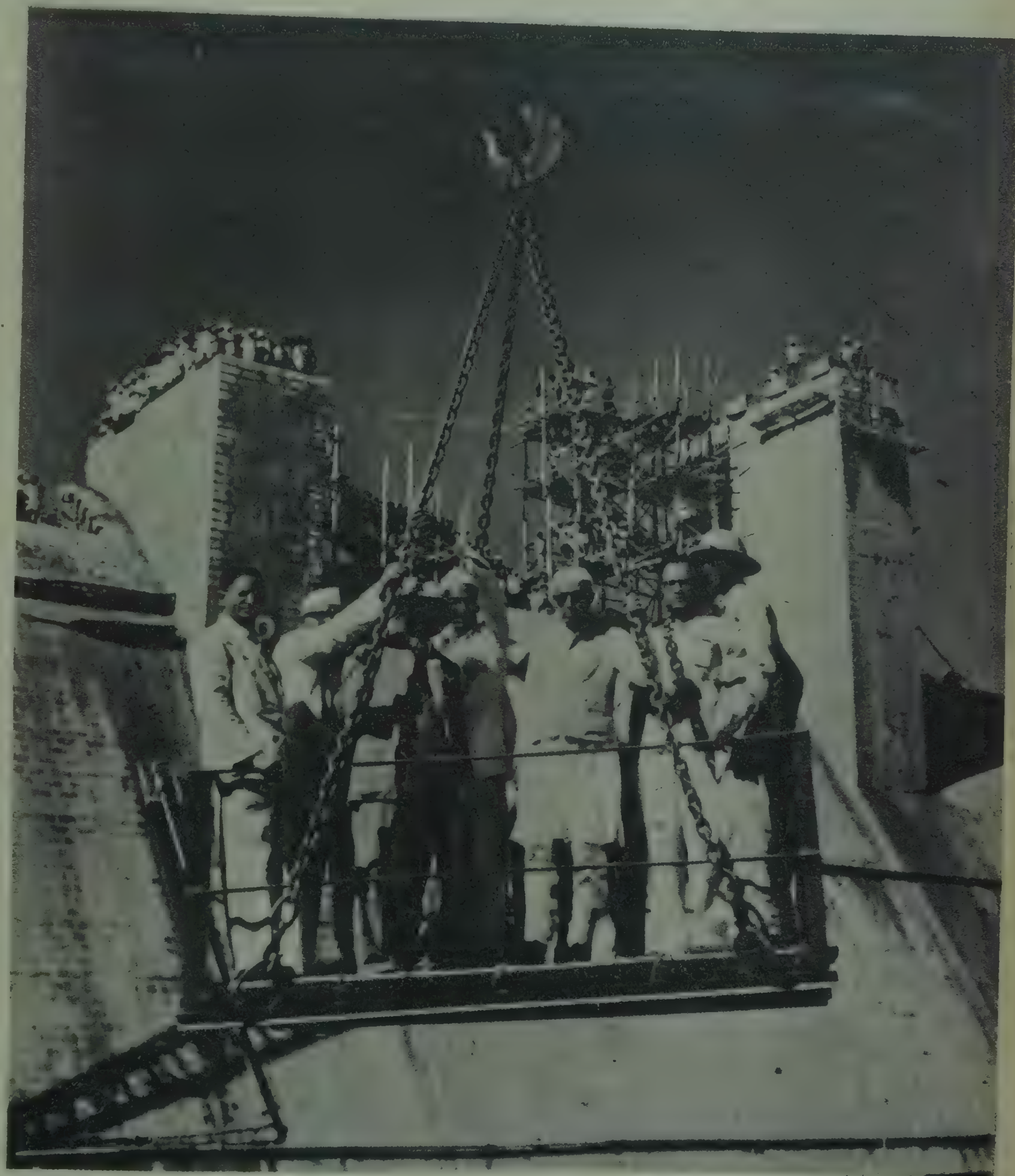
and sovereign. His genius was to build the foundations of this edifice on adult franchise, on secularism, on the rule of law and on the quest for economic equality.

Perhaps today all those goals may appear as distant as they were then, but what is indisputable is that the ground rules for political discourse have changed decisively. For one, adult franchise has permeated the entire body politic, and the feudal *diktat* that obtained for centuries has been displaced, and that through the ballot box rather than what the Marxists would term 'liquidation'. The relationship between government and the governed has undergone a transformation.

If we look at the villages, it is evident that while there continue to be regions of India where some vestiges of feudalism survive, it is of a different character. Nehru thought that by abolishing the zamindari system everyone would automatically be free, but did not realise that with the demise of the zamindar came the emergence of the rich Jat farmer whose economic interests were different, but in terms of repression of the small peasant farmer and share cropper were no different. At any rate, such violence which occurs in the countryside is a consequence of a society in upheaval, where certain castes and tribals are asserting rights which were formerly denied to them. If anything this is more healthy than a mere acceptance of one's lot which was the basis of feudalism.



Courtesy: Nehru Centre, Bombay

At Bhakra Nangal: "the new temples of India"

Burgeoning middle class

The consequence of modernist goals, of developing nationhood, industrial development, urbanisation and education inexorably promoted the middle class. The Nehru family, fortunately, had no feudal heritage. The economic development set in motion by Nehru required an educated technocratic class which in turn placed a premium on education. Unfortunately, whilst private industry provided sufficient impetus for a burgeoning middle class to develop, the government obsessed by dogma refused until recently to provide a fiscal framework and other opportunities for this middle class to consolidate into a powerful force politically.

The aspect of the Nehru legacy which today appears most troubled and controversial is in the economic sphere. Nehru was identified in economic thinking with Fabian socialism. The charge made by many today is that Nehru's misplaced and irrational adherence to this outdated school of economic thinking is the primary cause of India's dismal economic performance since independence.

This charge is not without merit. It is undeniable that Nehru was a man profoundly influenced by leftist economic ideas and that he took it upon himself to impress upon the Congress leadership the importance of moving towards a socialist pattern of society. The main instrument of this aspect of his ideology was the Planning Commission which had formerly been merely an advisory body to the cabinet. It now assumed autonomous power associating itself with the prime minister's office. He also involved his Cambridge friend, the physicist P.C. Mahalanobis in the planning process. Mahalanobis was famous for developing the model, which involved shifting investing priorities to the capital goods sector and expanding the public sector.

The other landmarks of economic policy include a formulation of the industrial policy resolution of 1956, the development of industrial targets and licensing and the imposition of controls on all foreign exchange transactions and import licensing. These policies were the substance of the Second Five Year Plan and the Third Plan (1961-1966) continued the same policies. The Companies Act, 1956 was also a landmark piece of legislation noted for the degree of direct controls it sought to place on corporate organisations.

Rather than present a dichotomy between left and right, socialism and capitalism, it makes more sense to use the terminology of structuralist and neo-classical economics as being the choices. After the great depression and World War II, neo-classical economics which places the strongest emphasis on the price mechanism was on the retreat the world over. The most impressive post-war measure was the Marshall Plan for the revival of Europe.

The ferment in Indian economic thinking was arising out of the exciting developments in the West, the Keynesian thinking and national income accounting. The other important development which appeared to have relevance to India was the Soviet experiment where the Soviet Union had through central planning seemed to avoid the worst of the depression and, from a comparatively low industrial base, become a major industrial power. It is also important to remember that in the early years of independence many young economists returned to India from the West with the structuralist ideas such as, I.G. Patel, K.N. Raj, K.S. Krishnaswamy, who were to influence economic policy for the next several decades. There was also a powerful linkage to US foundations in the formulation of the plans, particularly the Ford Foundation and the MIT Centre. It is often forgotten how seriously India relied and was dependent on foreign aid for its Five Year plans and that this aid substantially came from US administrations such as the Eisenhower administration, which cannot be accused of harbouring the slightest sympathy for socialism of any variety.

Consensus on planning

It must be recalled that in the middle forties there was a greater degree of consensus on, for example, the issue of planning than one would think. The Bombay Plan of 1944 was sponsored by India's leading industrialists, including J.R.D. Tata, G.D. Birla and Lala Shri Ram. The germ of the foreign trade policy proposed by Nehru during the establishment of GATT came from powerful vested interests of Indian business.

Whilst many Indian businessmen in the crucial years before independence were not happy with Nehru because of his socialist ideas, it was G.D. Birla who had the foresight to commend Nehru to the business community and the Congress as he felt that it was Nehru who was the only leader capable of establishing and ruling the Indian nation. In that respect, both government and business had a common interest: in the preservation and strengthening of the Indian state. Without this no legitimate commerce could hope to thrive. It must also be added in defence of Nehru that the economic programme he was associated with was not unsuccessful during his lifetime. It must be stated that under the plans (up to 1963) national income had increased by 42 per cent, food production by 46 per cent, industrial production by 94 per cent. If one translated this growth into the change in lifestyle of the population, despite a population growth of 21 per cent, the calorie intake per capita grew from 1800 to 2100 and the use of cloth from over 9 yards to 14.5 yards. It was only from the middle sixties that the economic deceleration was pronounced. At that stage it was up to the government to examine the real structural shortfalls in the system. The fact that government continued with more and greater doses of the same medicine can hardly be blamed on Nehru.

To some extent in the desire to goad India into the 20th century willy-nilly, compromises were made and Nehru — aware that politics is ever the art of the possible — made them. He once described himself as the last Englishman to rule India and his view of the imperial legacy was ambivalent to say the least. The first controversial decision he made and one, the consequences of which persist to this day, was to absorb the former ICS members into the new government.

At any rate, for much of India the main contact with government was the Collector's office and, without any radical transformation there, there was a continuity between the colonial past and the democratic present. Whilst continuity was not without advantage, the babu culture persisted with the ubiquitous red tape mentality which persisted into democratic India arguably emasculating reformist measures.

Less explicable was Nehru's failure to pursue the objective of universal education, which ought to have been the corollary of adult franchise, until the early sixties. Another failing which haunts us to this day was his apparent *laissez-faire* attitude to population control. It is all too apparent that whatever progress was achieved in agriculture was diminished by the increase in population. His emphasis lay in pursuing economic growth rather than family planning, and he honestly believed that India was not an over-populated country.

Most notable achievement

Nehru's concern for the fostering of norms and institutions, such as an independent judiciary, a free and vibrant press, and a parliament, which made the executive properly accountable, was manifest throughout his stewardship. It is also material to note that the armed forces have over the years developed their own institutional culture, and it would be unthinkable for them to interfere with the government. But more than these pillars of a democratic society, the establishment of political rights through adult franchise was his most notable achievement. When asked what his legacy to India would be, he replied, "hopefully it is 400 million people capable of governing themselves"

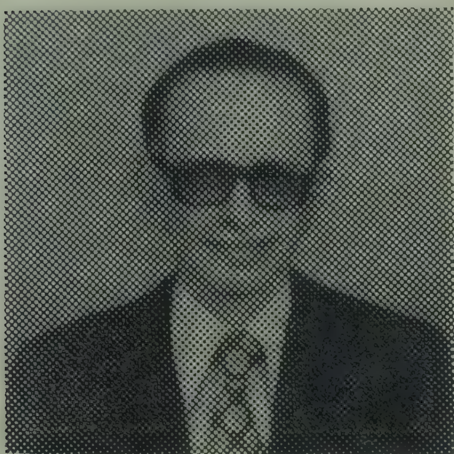
The other aspect of his legacy which requires underscoring is the belief in liberal democracy, of means as opposed to ends.

Courtesy: Nehru Centre, Bombay

Nehru: public ownership not an end in itself

Consolidated Coffee Limited

Regd. Office: POLLIBETTA-571215, Kodagu, Karnataka.



Mr. M.M. Appaiya

Ladies & Gentlemen,

It gives me great pleasure to welcome you all to this, the 46th Annual General Meeting of your Company. The Profit & Loss Statement, the Balance Sheet and Directors' Report have been in your hands for the stipulated period and I shall take these as read.

It has been an action-filled year with people taking more and more to violence to gain their objectives. The daily news makes very sad reading. Mankind has lost its moorings and has taken to physically violent actions to settle scores irrespective of the rationality of such action.

In spite of the de-settling effect of the disturbances, the nation's economy has made a quantum jump forward. Agricultural production at 170 million tonnes has exceeded by a substantial margin the previous best of 149 million tonnes in 1986-87. Industrial production too, has risen by about 9%. All told, the country is poised for much larger increases in both agricultural and industrial production.

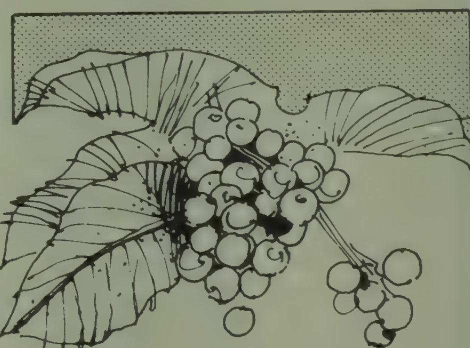
Two steps are necessary if these increases are to mean anything to the common man. The first is a review of our population control measures and go for a further restriction of future families to one child per family and the second is to improve the quality of our products that will make them sought after in competitive markets The skills are there and it remains only to harness properly these skills so that goods from this country are pre-eminent and much sought after.

The year under review is one of mixed fortunes for your Company. The Plantation Crops have surged forward registering significant increases in Coffee and Pepper. Your Cardamom Crop, on the other hand, has not advanced and efforts are being made to correct this decline. Profits too have been favourable but the intransigent stance taken by our State Government with regard to levy of Agricultural Income Tax for large units such as your Company, leaves little scope to pay you higher Dividends and transfer to Reserves adequate funds to enable your assets to be maintained at peak performance condition.

To talk about taxation has become a hardy annual for Chairmen of your Company. The wise husbandary of Reserves followed by your Company has benefitted the State Government the most in that, much of the profits go

to Government by way of taxes with proportionate benefits not flowing to the Shareholder or to funds creation for development.

The economy of our nation is dependent on the health of our Agricultural Sector and one would expect the Governments, both at the Centre and State levels, to be moderate in their taxation policies as applicable to agricultural ventures. Unfortunately larger units making a profit of more than Rs.10 lakhs are subjected by the State Government to the high rate of taxation of 65%. When one considers the meagre incentives provided in the taxation structure for agricultural incomes, that results only in marginal difference between profits before and after depreciation, the point that has been continuously agitated, viz., the need for lowering of tax rates to the levels prevailing for the other sectors of the Plantation Industry in the State becomes all too obvious. It is my earnest hope that the Government of Karnataka will give this matter its



early attention and rectify an injustice that has been agitating the larger Corporate Sector Units of which your Company is one in the Plantation Industry.

Your principal crop is Coffee. With the suspension of the economic provisions of the ICO Agreement, as a result of surpluses in the World Markets, export prices have dived to low levels of almost Domestic Markets.

Agricultural Income as a levy on profits covers now only the Plantation Crops, viz., Coffee, Tea, Rubber, Cardamom and Pepper Governments have come to realise that agricultural crops, that are so dependent on weather condition, are better taxed on a compounded basis as a tax on land. The first steps have been taken and holdings of Coffee of less than 25 acres pay lumpsum of tax depending on the size of the unit. An extension of this step to the other units are outside the scope of this rationalised taxation measures seems to me to be only logical.

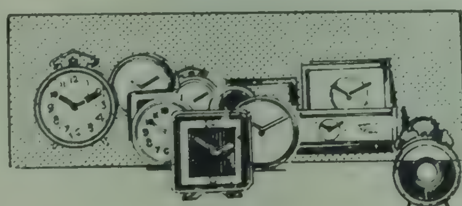
Speech delivered by Mr. M.M. Appaiya, Chairman, Consolidated Coffee Limited at the Forty-sixth Annual General Meeting of the Company, held on Monday, the 25th September, 1989 at Pollibetta, Kodagu.

Agricultural Income Tax was introduced for mopping up the so called windfall incomes. This tax by itself is punitive in nature and many representations have been made to Government to moderate the tax and bring it on par with the rest of the industry. While the unhappy situation of high Agricultural Income Tax was proving burdensome, the State Government's introduction of Purchase Tax on all Coffees at the exorbitant rate of 14.5% of the values of Coffee needs immediate revision, if not total withdrawal. This tax is going to hurt the industry very badly and should be rationalised by making the rates common for all the Coffee growing States in the first instance.

The crash in Coffee prices and the suspension of the economic provisions of the ICO Agreement are bound to affect the profitability of Coffee. Your Company is working on strategies for combating this new threat. Governments must not delay in giving relief both in Agricultural Income Tax and Purchase Tax and thus help improve the liquidity of this Sector.

The Coffee Industry in India has come up with a record harvest of 2,15,000 tonnes in the 1988/89 season and as on today has still 1,40,000 tonnes to be sold in all markets. This volume of Coffee should be disposed off in a matter of six months or roughly a monthly disposal of 30,000 tonnes, both for export and domestic markets. The domestic markets are static and account for a consumption of 5,000 tonnes per month and during the current season will account for 30,000 tonnes of Coffee. The balance of 1,10,000 tonnes should be sold in export, both in the member and non-member countries. The mechanics of handling this volume and larger crops in coming years should be worked out by Coffee Board in consultation with UPASI so that a rational marketing policy emerges from these deliberations.

If these targets are achievable, the immediate future is not so desparate. The suspension of quotas gives India an opportunity to sell more and more in the quota markets. This should be fully taken advantage of by maximising sales to the quota markets, so that if at a later date the economic provisions of ICO Agreement are re-introduced, the performance in the immediate previous years would be one of the yardsticks to fix quotas. Your Company is carefully following the situation and will take necessary steps to protect itself against any unforeseen difficulty in marketing that may arise.



We have had a fair year in Tea. Prices have been favourable and 1989/90 should be a good year for your Tea Garden. This venture has proved an useful addition to your Company's activities.

The future for your Company continues to be promising. The new strains of plantation crops, now being introduced, promise bigger crops in future years.

Your Curing and Commercial Wings have fared satisfactorily and are working towards higher targets. The Company is presently examining the necessity of replacing the older machinery in your Curing Houses with a view to coping with the increased Coffee that these units will be called upon to handle and maintain high standards of curing.

Last year in my address to you, I mentioned about the step taken by your Company to diversify its activities into the Horological field. I am glad to inform you that both the Karnataka and the Bombay High Courts have approved the merger of SIFCO, a Mechanical Timepiece Manufacturing Company in Hyderabad, with your Company. The new venture foresees the production of Quartz Timepieces to gradually replace the Mechanical Timepieces now being manufactured in Hyderabad. The first of the Quartz Timepieces will be in the market by the end of the year and I am confident that the market for these Quartz Clocks will be favourable. Sifco's collaborators in this venture are M/s. Kienzles of West Germany, renowned manufacturers of Timepieces in Europe. In the first instance, Sifco will manufacture Timepieces with Bell Alarm with repeater, Beeper Alarm, Beeper Crescendo Alarm, Buzzer with repetition, Buzzer Alarm, etc.

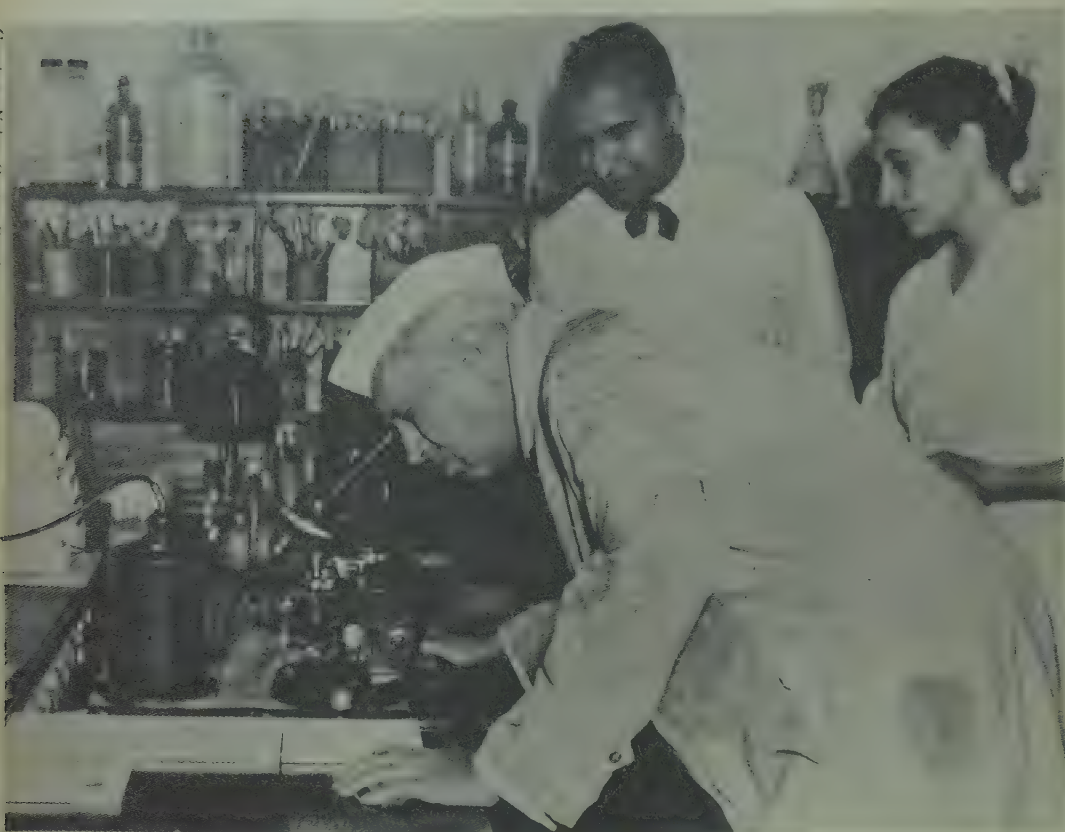
It has been a year of harmony on the labour front. I am sure that this spirit of understanding will be fostered in the coming years and set an example to others in the Industry. I congratulate both Management and Labour for the spirit of accommodation displayed by both sides.

Mr. Bhandari who took over as Managing Director of your Company has had a difficult year but has manfully and satisfactorily shouldered this responsibility. My warm thanks to him, his team of Officers, Staff and Labour force.

To my colleagues on the Board, I extend my gratitude for their wise counsel and guidance.

Thank you.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting



Nehru: developing a scientific culture

He could have easily suspended the Constitution and got through a number of measures removing what he felt were obstacles to India's progress. He was not, however, prepared to sacrifice the larger constitutional principle for political expediency.

The relationship Nehru built with the chief ministers of the respective states illustrates this. He recognized party democracy and respected its verdict no matter how prejudicial this would be to his ideas of the way India should be run. With the sole exception of Pratap Singh Kairon, he never intervened in the election of a chief minister and once the chief minister was chosen, merely confined himself to offering advice. His belief in democracy extended to the functioning of the Congress party and although he was not above dealing a tactical blow to elements in the party who did not share his views, such as the then Congress president, Purushottamdas Tandon, he was scrupulous when it came to internal party democracy. And it was through this belief that he was able to manage the perils of federalism. He was sensible of the possible damage that could be caused to India's constitutional arrangements by excessive and unwarranted interference in the manner the states functioned and although two policies close to his heart — the development of mass education and land reform — fell by the wayside as a consequence, he felt it a necessary price to pay for securing provincial autonomy and developing democracy. It must be recalled that the great debate of the fifties was not on economics, but on liberty. And the competing models were totalitarian China and liberal India. There was much support from the fashionable intelligentsia for the Chinese model, those who argued that democracy was a luxury and that a developing society's need for order and economic growth was of greater priority than civil liberties and the rights of the individual. Perhaps the massacre at Peking's Tiannenman Square on 4 June this year has sounded the death knell to that argument: and the truth that political liberty is as basic and fundamental to the individual as food and oxygen has triumphed.

Ground rules for secularism

If the closing years of the eighties, can be said to have witnessed the retreat of Marxism as an ideology, the other extreme, that of obscurantism and religious fanaticism is on the increase worldwide. And it is here that Nehru was responsible for determining the ground rules for a secular state. Admittedly, this secularism looks somewhat motheaten now, with the rise of communal parties and communalism in general, but the alternatives have never really been explained.

After the trauma of partition, it took great courage for a Congress leader to take up the cause of the Indian Muslims who chose to remain in India and to insist that they remain in the mainstream of society. The alternative to secularism could have been the emergence of a Hindu state. This alternative is apparently still a live issue in some quarters. Logically it would have provided some degree of unity to India. However, its votaries prefer not to contemplate the condition of that Islamic state across the border. It is only because of the so-called-Islamicisation policies that women have been put back in the seclusion of purdah and have systematically been denied their civil rights. By maintaining a religious state, the possibility of all manner of atavistic forces emerging out of the woodwork is very real.

By insisting on secularism and separating government from religion Nehru gave modern India the impetus to emerge and permitted our public discourse not to be bogged down in the semantics of obscurantism.

Concern with science

It would be true to say that Nehru was rootedly irreligious: his only religion was rationality. And he strongly believed in the necessity for inculcating and spreading a scientific temper and culture. This concern with science was demonstrated in the patronage of several government institutions and scientists in general and substantial spending on research, which stood at Rs.2.4 crore in 1947 and increased to Rs.55 crore at the time of Nehru's death. Apart from this patronage, scientists of world renown such as Haldane came to India to do research at Nehru's invitation.

Perhaps, some of the state patronage given to science was misplaced. The fact, however, that the prime minister thought that such objectives were more important than, say promoting astrologers and godmen, and not just from the view of temporary economic or defence advantage but for the spread of greater rationality, is salutory.

Nehru's other principal achievement was the manner in which he framed India's foreign policy. It is curious that India, with negligible military clout and the status of an economic mendicant, was for a few halcyon years able to mobilise newly independent states under the banner of nonalignment and was able to achieve a lead in the forums of the world few others could hope to emulate. This period of moral ascendancy owed its character to the international perception of Nehru. However, reality has an unfortunate way of breaking

in, and the ideology of non-alignment never recovered from the savaging China gave India in the India-China war of 1962 and the extent to which Nehru looked to the US for help. The fact that the Kashmir issue was never resolved in Nehru's lifetime is also a source of regret, and some historians blame the extent to which India was seen to have lost face in the India-China war for the intractibility of Pakistan after 1962 in proposing a workable solution.

There is a sentence from the biography of an English statesman which bears repetition as it contains the kernel of an important truth: "All political lives, unless they are cut off in midstream at a happy juncture, end in failure, because that is the nature of politics and of human affairs." How does this truth apply to Nehru? If one considers his career as a politician, rather than a world statesman and founding father of the nation, failure appears to be writ large. He was the socialist prime minister who presided over and substantially consolidated capitalism. He was the secular head of government who was unable to exorcise the phantom of communalism. He was the international statesman who eschewed the use of force to resolve international disputes and rejected great power *realpolitik* but in the final analysis had to fall back on US support when India was attacked by China. The British Dictionary of National Biography piquantly refers to his premiership as being one of "character rather than accomplishment".

Nehru is commonly charged with being overly fond of ideas without having either the patience or determination to see them implemented. If his mind flitted from subject to subject, he rarely made a sound choice as who to delegate responsibility to, consistently displaying bad judgement in the choice of personnel to discharge duties. He defended and stood by old friends like Krishna Menon when it was transparently obvious that they were inadequate to their task. He was a comparative innocent in the world of high finance, mistaking glibness and flamboyance for knowledge and enterprise. As his biographer, S.Gopal put it: "Nehru's career would seem to underline the melancholy truth that sincerity, decency and high mindedness are not enough, and that nobility without force and statesmanship without strength are invitations to disaster." Even so, these deficiencies substantial though they are do not detract from the essential greatness of the man. He disappointed because one entertained higher expectations.

Tito, Nehru and Nasser: the architects of non-alignment

It is a source of regret that Nehru's legacy in the shape of many of the institutions of modern India is being used by some to maintain the status quo and as an argument against reform. This is to do a grave disservice to Nehru. He was above all an intellectual whose strength lay in challenging and questioning conventional wisdom, allied to a proud individualism and a rejection of conventional ways. He was intolerant of the passive unthinking conservative who would cling to received shibboleths and recited them like *mantras:* He was equally contemptuous of the populist who pandered to the baser qualities of the electorate by advocating dishonest policies to acquire and maintain power. Both positions amount to a negation of the intellect.

What are the likely trends one can discern which represent the limitations of Nehru's legacy?

As Nehru's dealings with state governments owed more to convention than law, it was comparatively easy for Indira Gandhi to destroy the balance maintained between the Centre and the states through manipulation of the party machinery. However, this policy has had serious consequences. One can sense the dissatisfaction in recent times of chief ministers in Congress states with the excessive interference from New Delhi. Even more disturbing is the fact that the Opposition parties have made decentralisation a rallying cry. At any rate, it is evident that if constitutional conventions cannot be observed, a new federal arrangement requires to be conceived which would serve to strengthen unity through providing a better forum for the rising tide of provincial and local sentiment.

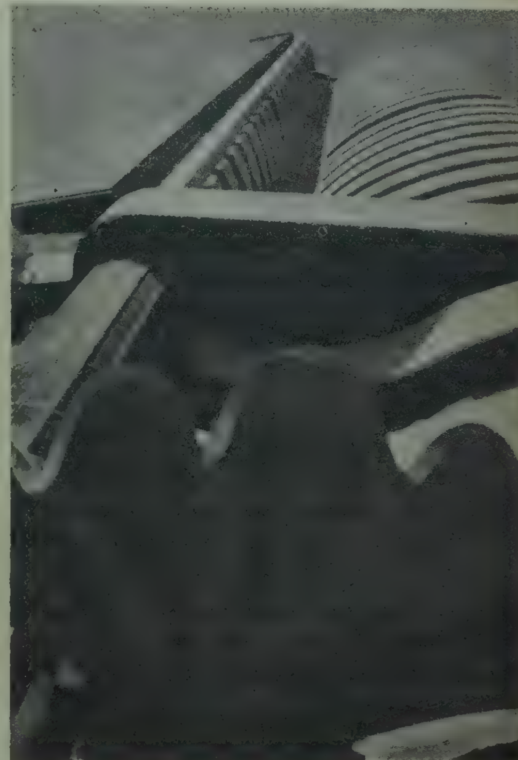
In the economic sphere, Nehru was considerably more ambivalent over the relationship between planning, state control and socialism than has been commonly portrayed. Even in 1958 he wrote to the Planning Commission: "I do not myself see where socialism comes in in the present policies we are pursuing. It is true that we have some major industries in the public sector. That is hardly socialism." Whilst references to his famous remark on seeing the Bakhra Nangal dam as being among "the new temples of India" are commonplace, less remarked on is the fear of "the disease of gigantism" which he expressed to the Irrigation Board in the same year. He never saw public ownership as the end but merely one path of approaching the end. It is also material that throughout his premiership he retained finance ministers who were sympathetic to the business class. There is little in the recent liberalisation programme which would be repugnant to Nehru.

In the final analysis, whatever judgements may be passed by those in the know, by the elite, the intelligentsia, the historians, the fact remains that few parliamentary politicians of this century have so captured the hearts and minds of the people of a nation as Nehru did of India. Charisma, a term which has become hackneyed through indiscriminate overuse, was a quality Nehru possessed in plenty; and India's tryst with destiny became the consummation of a love affair between him and his people. And they loved him not just for what he had achieved, not just for what he promised but, uniquely, for what he was and in his centenary year one can think of no greater tribute.

■ JAVED GAYA

The view from Dalal Street

Brokers comment on the elections, financial institutions and other bugs in the system



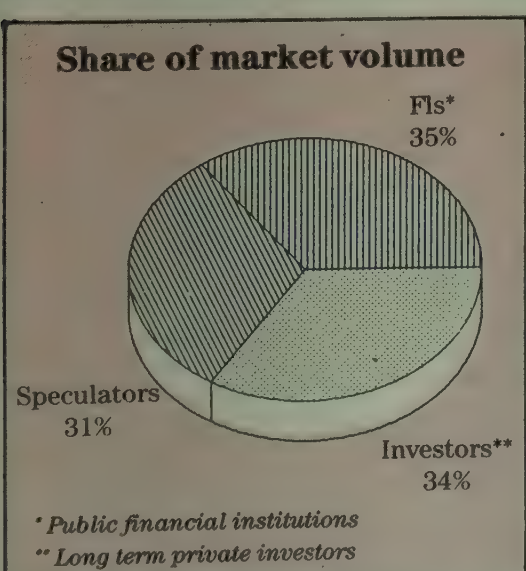
Bombay Stock Exchange building

Today's stockbroker has changed with the times. The spotless dhoti has lost out to the Italian fit, and Stockscan is fast replacing the telephone line as his (it is still a male-dominated world out there) lifeline. But have brokers' views changed as well? Is it still the "let's pick the flavour of the week" attitude, or has a more long-term investment attitude crept in? How do brokers feel about the stockmarket performance vis-a-vis electoral prospects and about institutions and government control over stockmarkets?

To find out, *Business India* undertook a survey of stockbrokers on the Bombay Stock Exchange. As many as 200 stockbrokers were identified as being active brokers and, of these, 125 were contacted for an in-depth survey. In surprisingly articulate and often unanimous responses, brokers gave their views on the present and future prospects of stockmarkets in India.

The role of the financial institutions

Financial institutions — the Unit Trust of India (UTI), as well as Canbank Mutual, SBI Caps, LIC, GIC and IDBI — tend to be secretive about the size of their operations. However, UTI's annual report for 1988-89 indicated that average daily purchases on all stock exchanges was of the order of Rs.4 crore. This may seem insignificant given that the average daily turnover on the BSE alone is Rs.100 crore. However, it should be remembered that most of this turnover is "jobbing" turnover, i.e., a purchase or sale that will later be turned around for a net zero position, whereas UTI buys and holds. Confirming the importance, though — somewhat surprisingly — not the predominance of institutions, our survey showed that financial institutions accounted for 35 per cent of volume of the trade, speculators and company insiders accounted for 31 per cent, while long-term private investors made up the rest (34 per cent).



Given the important size of institutional activity (which reflects the average size of institutional ownership of all shares), one would have expected their buying to spur the high market activity if not actually control it. Short-sellers also frequently complain that institutional purchases have caused a shortage of floating stock which, in turn, has pushed stock prices too high. But brokers disagree. When asked about the reasons for the 40 per cent jump in stockmarket prices since July 1988, 67 per cent of the respondents felt that the most important reason was improved corporate performance. In fact, institutional buying was rated as the least important reason by over one-third of the respondents.

The role of the financial institutions can best be summed up like this: they perhaps help keep the market stable by their sheer size, but can do little about trends arising from changes in corporate performance. They offset average or below par performance of the corporate sector and to that extent, their stabilising influence cannot be overlooked.

Political instability

Ever since the news about Bofors made headlines the country's political situation has been volatile. For the past 18 months, stock prices have ignored political developments, perhaps on the reasoning that the likelihood of a change in government was too distant a possibility to respond to. No longer. Now that the parliamentary elections are very near, political developments could be important.

In fact, over the past three months, markets have stagnated, with the BSE Sensitive Index rising marginally by 2 per cent while trading volumes are down by 35 per cent. Clearly, in spite of continued good corporate performance, investors are staying away. The survey confirms, with surprising unanimity, the view that political developments are the reason for market stagnation over the past three months; 75 per cent of the respondents rated political instability as the most important reason for this market stagnation, with 24 per cent stating that related causes — lack of investor interest (18 per cent) and lack of speculative support (6 per cent) have been the most important.

Clearly, brokers feel that political instability has been bad for the stockmarket. The adverse impact could have occurred for two reasons: first, that political instability means an increased likelihood of a change in government, which, in turn, could mean less desirable economic poli-

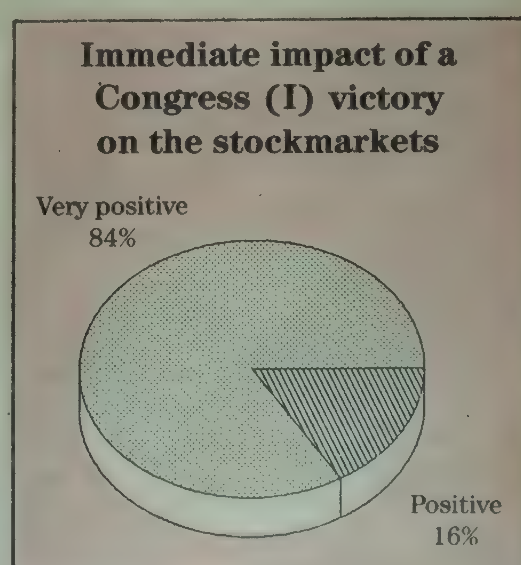


Table 1	
Factors which have played the most important role in the substantial rise in share prices over the last 15 months	
	Percentage
Institutional buying	18.0
Speculative support	6.0
Improved corporate performance	67.0
Investor interest	7.00
Other reasons	2.0


Trading on the floor of the BSE

cies (a long-term factor), or, second, that quick changes in the political situation increase short-term price variability which is intrinsically undesirable. Which one matters more?

The survey indicated that on-time elections would have an adverse impact on the stockmarket. A majority (70 per cent) of the respondents foresaw an adverse impact, while only 6 per cent felt that quick elections — which will dispel nervousness and uncertainty of waiting — would be good for markets. On balance, therefore, brokers are much more concerned about the economic impact of a change in government than they are about the short-term resolution of uncertainty. When asked about what changes can be expected in the market if elections are postponed beyond six months, opinion was divided, with 50 per cent feeling that there would be no change as the market would continue to drift until the elections were finally held and the rest feeling that the six months could be used to figure out the right time to withdraw from the market.

It appears, then, that the brokers surveyed were very concerned about the long-term economic impact of elections on the market. They seriously doubted whether a change in government would help investors and their own pocketbooks. When asked about the immediate effect on the market in case the Congress (I) is re-elected, brokers were unanimous in their view — that there would be a strongly positive impact (*see chart 1*). The reasons they gave for this — that the economy would benefit as a result — mirrored their concern for the long-term.

While brokers were clearly for the continuance of the Congress (I) and felt that the recent stagnation would be immediately reversed with the re-election of the ruling party, they felt that certain more fundamental events had to occur for a long-term effect growth in market prices and volume. Continued good corporate performance and encouraging economic indicators, such as agricultural growth, controlled interest rates and budget deficits, were viewed as very important by over half the respondents, while 49.3 per cent of the respondents viewed the inflow of new investors as also very important. Only 30 per cent viewed institutional support as of great significance.

Regulations and insider trading

In the third part of the survey, brokers were asked for their views on a wide range of working conditions, including operational bottlenecks, the effect of insider trading and the role of the stock exchange authorities.

As expected, there was a long list of complaints about working conditions, including lack of office space, high daily margins, the large number of listed scrips and settlement delays. But the overriding complaint concerned share-transfer problems (52 per cent) and the small size of the trading ring (27 per cent). Most brokers felt that share-transfer problems were the real curse of the system, especially the problem of out-of-date transfer forms and signature differences. Many wondered why a simpler system based on a stock-holding corporation could not be implemented. However, they felt that the stock exchange authorities were trying their best. As much as 90 per cent of the respondents felt satisfied that the stock exchange authorities were responsive to their requirements.

Insider trading was viewed as being very common. When asked about the importance of insider trading in determining trading volume and price, 95 per cent rated it as being very important. While 68 per cent said that the companies in which insider trading was most likely to occur were the larger ones, 16 per cent was of the opinion that it was most likely to occur in all sizes of companies. This answer might well reflect the recent trends towards price support operations by large companies that have come out with mega-issues. Almost half of the respondents, ie 45

Table 2	
Factors which have played the most important role in the stagnation in share prices over the last 3 months	
	Percentage
Lack of institutional buying	0.0
Lack of speculative support	4.0
Lack of investor interest	17.9
Political instability	74.6
Others	3.5

Table 3	
The importance of insider trading in determining trading volume and price	
	Percentage
Very important	34.3
Important	61.2
Not important	4.5

Table 4	
The companies in which insider trading is most likely to occur	
	Percentage
Companies with equity base below Rs.5 crore.	14.0
Companies with equity base above Rs. 5 crore	56.0
Companies with promoter control above 20 per cent	23.0
All companies	17.0

per cent, said that companies with promoter control in excess of 20 per cent were unlikely to suffer from insider trading.

Controlling insider trading is always difficult as even the powerful Securities and Exchange Commission of the US has found. As one broker said, "It is very difficult to curb insider trading because it is very dificult to say whether it is insider trading or investment since the shares are usually bought in the names of private companies." However, a substantial majority (66 per cent) believed that the threat of punitive action and better investigation of suspected insider trading would leave a measurable benefit.

Controlling insider trading is always difficult as even the powerful Securities and Exchange Commission of the US has found. One of the possible reasons for insider trading is that companies may not reveal relevant information accurately and quickly enough. It is very difficult to curb insider trading

In this context, 75 per cent felt that the newly formed Securities and Exchange Board of India (SEBI) did not have the muscle necessary to curb insider trading. Brokers also wanted SEBI to have powers to assist share transfer (85 per cent) and create and regulate an official grey market for new issues (74 per cent). However, they were quite against some of the roles that SEBI seeks to play, such as the control of price movements via price bands (70 per cent) and the control of the list of shares that can be traded forward (54 per cent). They were evenly divided on whether jobbing activities should be regulated or not.

Table 5

The powers sebi needs

	Percentage saying yes
Control of price movements via price bands	27
Control of the forward list	46
Share transfer regulation	85
Insider trading regulation	79
New issue regulation and trading	74
Jobber regulation	51
Small company trading	54

For liberalisation

Reflecting their major current dissatisfaction with share transfer formalities, 98.5 per cent stated that they think this problem should be immediately tackled. Regarding longer term measures that they see as necessary for the healthy functioning of stockmarkets, 95 per cent wanted the pace of economic liberalisation to be increased. However, they were almost evenly divided on the need for foreign investment, with 51 per cent stating that it would contribute to market growth.

Commenting on the role of government interference in the running of stock exchanges, 54 per cent thought that there was too much interference mainly in the form of institutional activity and unnecessary price and margin controls, usually in order to stabilise the prices of selected shares or help primary markets. A minority was dissatisfied with the running of the affairs of the stock exchange itself, with 24 per cent stating that the affairs were run by a small clique of brokers to the detriment of the smaller brokers and investors.

One of the possible reasons for insider trading is that companies may not reveal relevant information accurately and quickly enough. The respondents thought this was so, and 69 per cent said that they believed that companies are not fair and open in giving information to the public. This evil was practised, they believed, mostly by companies planning new issues (23 per cent) and companies whose promoters traded on inside information (16 per cent).

In short, brokers are very much the rational, hard-headed capitalists that they are often made out to be, but perhaps more sophisticated than expected, on issues such as the economy and its long-term on stockmarkets. They clearly favour the ruling party's continuance on the grounds of economic liberalisation, but are worried that the voters will not be concerned about the bank balance of the urban middle-class. As for themselves, they live with the daily drudgery of untransferable transfer forms, unregulated insider traders and, perish the thought, appear quite satisfied by it all.

■ RAFIQ DOSSANI, DIPANKAR MITRA and RAGHU ROY

GOD, SHE'S BEAUTIFUL.

Or how the Cynic was transported.

She's the new Maruti 1000. ▶ *New? said my friend, a cynic at the best of times.* ▶ Absolutely, I continued, she started life as a clean sheet of paper. And just look at her now. Notice the curve of the fender. The low, purposeful hood. Those smooth flanks. (From the corner of my eye, I could see my friend's eyebrows travel upwards.) See how the windshield and windows blend smoothly into the bodywork. How beautifully the headlights wrap around, I went on reverently, quite forgetting my companion. ▶ *And the engine?* ▶ (Clearly an attempt to bring me back to earth.) Powerful, but very quiet. Then there's the independent coil spring suspension. Which means she absorbs every bump instead of dutifully passing it on. ▶ *Beautiful, he murmured, inspite of*

▶ BOOKINGS OPEN FROM NOVEMBER 14, 1989.*

Maruti Udyog Limited reserves the right to close bookings anytime after 15 days from the date of commencement of booking, on receipt of a minimum of 25,000 booking applications.

GATT URUGUAY ROUND

TRUMPs against TRIPs

PRAKASH G. HEBALKAR

The discussions at GATT regarding trade development include some new and controversial issues introduced by OECD countries, such as the EEC and the US. They concern Trade Related Intellectual Property Issues (TRIPs) and Trade Related Investment Measures (TRIMs). Both these are perceived by developing countries such as India as new obstructions to liberalisation of trade in goods, or at least as new bargaining levers. This is undoubtedly so, as trade in goods is hardly free even with the most vociferous proponents of free trade, witness the textile and sugar quota systems, agricultural subsidies and Voluntary (only nominally) Export-Restraint Agreements (VRAs).

Nevertheless, it is also true that for better or worse, these issues will be discussed at some point of time and become the "currency" of give-and-take in trade negotiations. For this reason, it is necessary to have creative and constructive alternative "currencies" to add to this give-and-take process. The Trade Related Utilisation and Mobility of Professionals (TRUMPs) is just such a proposed solution.

Readers may already be aware of the growing importance of services in international trade and the fact that many nations in the developed world already earn a very significant amount from export of services. Some statistics are revealing (*see table*).

Making a thrust

The Indian service industries today have both technological and managerial excellence to provide innovative services at prices lower than many other service organisations anywhere in the world. India should thus make a thrust in this area in a concerted and focused manner, as the country possesses unusually strong professional capabilities that compare with the industrialised countries, and represent an international strength. This, together with our proficiency in English which is the lingua franca of international trade and of the major markets in the developed world, give us unusual advantages vis-a-vis countries such as Korea and Brazil, which have to be content with exporting products in the main and concentrating on cost-effective manufacturing. This advantage shows itself not only in India's exports of computer software and consultancy services but is also evident in many other areas — not all exploited to date — signalling the emergence of a new spirit of professionalism in Indian industry and reflecting the growth of Indian exports in areas traditionally considered the preserve of developed nations.

The author is a senior vice-president of Tata Unisys

An illustrative list of Indian service industries that should be represented in our export picture:

- Computer consultancy (eg, software, training, consultation)
- Engineering design (eg, chemical, civil, electrical, integrated circuits)
- Hospital nursing home and medical facility management
- Hotel and tourism management
- Maintenance and repair for heavy machinery, ships, etc.
- Financial services (eg, merchant banking, mutual funds)
- Advertising and audio visual presentation
- Product design (eg, industrial products, textiles)

The above services can be "exported" in a variety of ways: directly to overseas customers and projects; by being rendered to goods exporters; and by being rendered to projects in India by way of import substitution.

Those who have noticed the decreasing significance of the low manufacturing costs in LDC countries due to increasing automation of the manufacturing process (eg, the labour content of a US manufactured microcomputer is now down to about $6-10) will also find an Indian thrust into the area of services exports quite timely. For, it will open up opportunities to counter our decreasing international competitiveness in many manufactured goods, despite cheap labour, because of low productivity, design changes and lack of advantages in raw material costs.

Unmet need

A look at the nature of emigration from India and immigration into developed countries, such as the US, Canada and Australia, would also reveal the large unmet need for professionals to render services to keep their economies going and growing. As of 1 January 1984, there were 440,000 persons of Indian origin in the USA, 200,000 in Canada and 42,000 in Australia (source: Statistical Outline of India 1986-87). All these are immigrants of recent origin and primarily professionals rendering a professional service. In addition, about half of the 720,000 persons of Indian origin in the UK may be considered to be in the same category.

This makes a total of over a million professionals who have a pivotal role to play in the developed economies through their services. Their employment overseas in the developed economies and our inability to employ most of them in India itself simultaneously indicate the vast need of the OECD countries and the large potential of export earnings for developing countries. In addition, there are new types of services, such as care for the elderly,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which are large and growing needs that can be met by countries such as India through services exports.

There are two key barriers to the growth of services export that involve factors not under our control in India. These are marketing and visa restrictions. Marketing of services requires the setting up of local facilities with local nationals to sell and service the clientele. This requires the facility to invest overseas and recruit suitable personnel, many of whom might initially be on secondment from India as that ensures that the personnel involved are fully familiar with the capabilities and practices of the Indian company. This brings us to the second problem; for in addition to visas for personnel on secondment, there is a requirement for a number of professionals to be present on an as-needed-basis to deliver the services involved.

Thus the development of a custom-designed suite of software for a major bank usually involves extensive on site work in evolving detailed functional specifications, mutually acceptable standards of software construction and acceptance testing. Different teams of professionals might be involved in these activities for periods ranging from a few weeks to several months or a year or two.

Need for doctors

Similar needs would arise in the case of other services such as engineering construction. In the running of nursing homes for the elderly, which incidentally is becoming a major concern with the ageing population of OECD countries, there would be a need for doctors and technicians to do two-year turns of duty in those countries. This is not unlike the tours of duty Britishers did in India in the Indian Civil Service or the Indian Army during the early part of this century.

In all of these cases, longish-duration visitors' visas that permit "working" are called for and for large numbers of professionals. In none of these cases is immigration even an issue, for the stays are for definite durations. In fact, permanent emigration facilities/possibilities would be most undesirable from the point of view of Indian concerns offering these services, as they would create a problem of rapid or easy loss of personnel, with an immediate impact on their ability to deliver these services. Moreover, flexibility in assignment and reassignment as well as rapid deployment according to business needs would require that these visas be available in India at the consulates rather than through elaborate work permit procedures in the home offices of these countries.

As immigration is not even contemplated and, in fact, undesirable even from the point of view of the developing countries, costs and formalities about social security and such matters should not be necessary to be incurred by developing country concerns providing these services in OECD countries.

Services in the world economy

Heads	GDP (1980) GDP ($ bn)	Share 1980	Exports $ bn	Share	% GDP	10 yr Incr
Agriculture	603	6.7	273	11	45	42
Mfg & mining	2,770	30.7	1,524	63	55	84
Services	5,644	62.6	610	25	11	57
Total	9,017	100	2,406	100	27	

Source: UNCTAD Handbook of International & Development Statistics-1983

This is entirely consistent with the non-immigrant nature of travel/stay visa proposed and the fact that the persons would continue to be employees of the developing country companies all along.

These needs of the developing countries for free and easy travel for large numbers of professionals (in thousands or more) with longish duration stays without extensive work permit formalities and using visas issuable by the consulates in the developing countries are the heart of the concept of TRUMPs. Such freedoms need to be sought from the OECD countries to match the freedoms they seek to invest in developing countries or to sell finished goods in them.

The present international setup involves elaboarate work permit procedures which are:

- time-consuming;
- uncertain as to outcome, especially with EEC countries and Japan which are difficult with "working" visas;
- geographically distributed, as different offices control different work site locations (eg, US regional offices of the Immigration and Naturalisation Service), and,
- involve strong evidence of unavailability of local nationals with comparable skills as the applicants are perceived as potential immigrants.

Basis of contract

It should be pointed out that the last point is not an issue at all in the proposed arrangement as cost of delivery, and not absolute local unavailability, is the basis for award of the contract and the assignment of overseas personnel, just as in arguments for free imports of finished goods, lowest cost of production and not inability to produce locally in the target country is the supposed basis.

The concerns about monopoly rights available to OECD countries in developing countries such as India through IPR protection relating to products/manufacturing industries would be ameliorated by the lowest cost producer based market control rights that would be available to us in the rapidly growing service industries in those countries.

Thus TRUMPs would be a desirable concept to inject into the Uruguay Round as a bargaining lever to promote developing country (eg, India's) services exports in the professional services areas.


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Ten laps in the pool.
Ten minutes with himself.
An orange juice.
And twin blade pleasure.
Touch of steel on skin.
Slice of lather in a stroke.
Cool smooth shave.
A Wilman shave.
Wilman II PREMIUM
A masterpiece of international quality
Wilman II
5 Twin Blade Refills
Shaving Systems
Wilman II
Smooth days begin this way.
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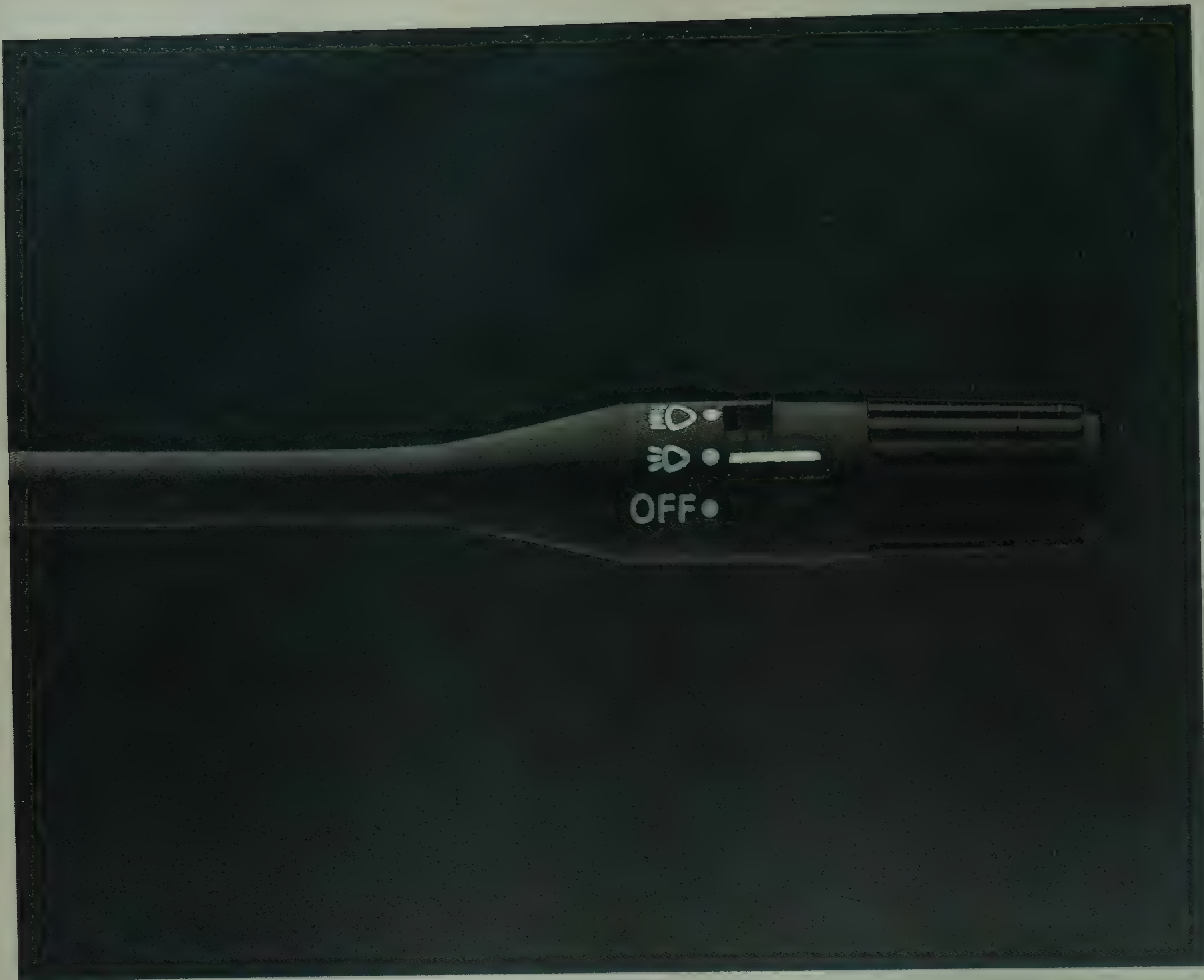

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THE BRITISH BANK OF THE MIDDLE EAST

Hundred years of staying power

For a bank that was founded quite by chance 100 years ago, the British Bank of the Middle East (BBME) has been a great survivor. For almost three-quarters of its existence, the bank's own fortunes were inevitably interlinked with the political circumstances of precarious Middle East monarchies. Even in India, the bank had two disastrous stints in the 1890s and the 1930s, forcing it to pull out of the country, before returning again in 1954 to a more stable banking and political environment.

But memories of those bad times were nowhere in evidence at the 100th birthday bash hosted by the bank last fortnight. Over the years, the BBME has moved to a position of strength in India, emerging as one of the leaders in garnering non-resident Indian (NRI) deposits from the Middle East countries. And this, with just one branch in the country, at Bombay.

Baron Julius de Reuter, who established the Reuter news agency, certainly had no ambitions in banking when he sought concessions from the Shah of Iran in 1872 to build a railway network in that country. Reuter's ambitions were subsequently scaled down and he went on to establish Iran's first bank — then named the Imperial Bank of Persia — with sole note issuing authority.

Reuter's initial years were far from encouraging, with losses caused by a sharp fall in the world value of silver (to which Iran's currency was linked) and bad debts. Besides, there were cholera epidemics in Iraq where branches had been opened.

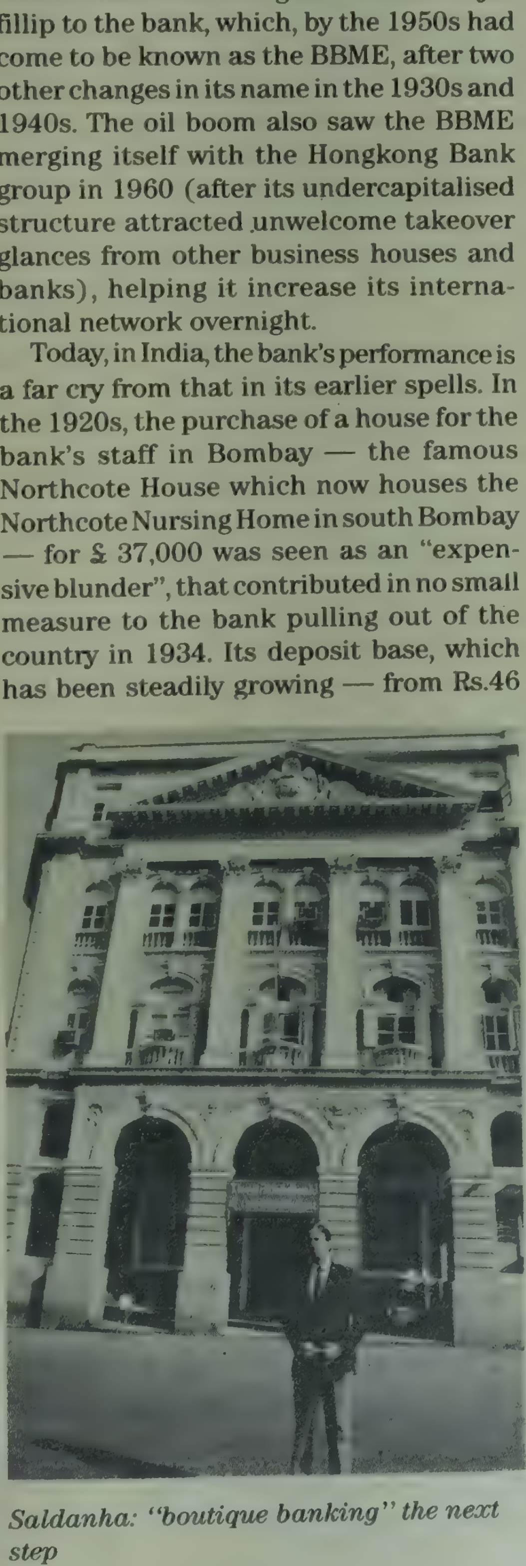
Tough rules

The bank would probably have wound up in those days, had it not been for the doggedness of its then chief manager in Tehran, whose staff battled an assortment of epidemics and lived in virtual social isolation. The bank's rules made it difficult for its staff to marry, and the rules included clearance of the social status of the prospective wife by the board of directors, and the income status of its own employees. A coup by an army colonel in 1921 ousted the Qajar dynasty, and made things exceedingly difficult for the bank. Reza Shah, the new ruler of Iran, founded a separate national bank, and cancelled the Imperial Bank's right to issue notes. A series of events thereafter finally compelled the bank to withdraw from Iran in 1952.

Meanwhile, the bank had expanded in Dubai, Oman and Saudi Arabia, wangling 15- and 20-year banking monopolies. Business was brisk, and despite being a 'conservative' bank, its attitude was seen as flexible. In Oman, for instance, it introduced the country's first national currency within a tight deadline of two weeks!

The beginning of the oil boom in the Middle East countries gave the first major fillip to the bank, which, by the 1950s had come to be known as the BBME, after two other changes in its name in the 1930s and 1940s. The oil boom also saw the BBME merging itself with the Hongkong Bank group in 1960 (after its undercapitalised structure attracted unwelcome takeover glances from other business houses and banks), helping it increase its international network overnight.

Today, in India, the bank's performance is a far cry from that in its earlier spells. In the 1920s, the purchase of a house for the bank's staff in Bombay — the famous Northcote House which now houses the Northcote Nursing Home in south Bombay — for £ 37,000 was seen as an "expensive blunder", that contributed in no small measure to the bank pulling out of the country in 1934. Its deposit base, which has been steadily growing — from Rs.46 crore in 1984, it is now around Rs.165 crore — with about 90 per cent represented by NRI deposits. Ranked eighth among all foreign banks in the country in profits, the BBME's profits as a proportion of its deposits is nearly 2 per cent, which is streets ahead of the 0.2 per cent average for Indian public sector banks.



Saldanha: "boutique banking" the next step

"The NRI market is our niche," says Luke Saldanha, manager and chief executive of BBME in India. The bank's network of 31 branches in the Middle East makes it the largest among all international banks and a household name in that region. Last year, an international survey rated the BBME as the best retail bank in the Middle East. Therefore, as Saldanha says, "We are the natural bank for the NRI." But he realises that he cannot go far with the one branch that the Reserve Bank of India allows his bank. "Small is beautiful in India," he says. Being small, permits the BBME to provide service "on the shop floor. We may not go around offering sophisticated products at the drop of a hat. But we can handle the traditional products well, which in fact represent 90 per cent of the demand."

Saldanha's aim is to add on specialised personal banking facilities for his NRI clients in the coming years, to develop into a "boutique bank" for them. Being a one-branch operation makes it difficult to go in for mass retail banking and therefore the strategy would be to concentrate on high net worth individuals and smart investors.

Quite naturally, Saldanha is pitching for RBI's permission to open up more branches in the country, especially in the high potential southern region. Besides, he also wants to reassess BBME's policies, especially those relating to priority sector lending targets that are imposed on banks.

Saldanha's complaints, however, are minor, compared to the travails that the bank's staff have gone through over the years. "The pioneer of modern banking in the Middle East, BBME, is also the great survivor," says historian Geoffrey Jones, who has written a deeply insightful two-volume account of the bank's history. "Its staff have defied disease, revolution and war to maintain a professional banking service throughout the region. The British Bank (of the Middle East) was, and remains, a byword for stability and security." If anything, that should keep them going for at least another 100 years. ■

SHANKAR P.

Abridged annual reports

Rathi: "money saved is money earned"

Abridged annual reports are finally here. After years of debate, the company law board of the Union government made the necessary ammendmends in the Comapnies Act last year, enabling companies to bring out annual reports only with the salient features. And this year, a large number of companies came out with annual reports without the detailed schedules on capital, reserves, assets, inventories, etc. According to M.S. Kapadia, chief of corporate division of the Centre for Monitoring the Indian Economy (CMIE), a Bombay-based research organisation, an estimated 15 to 20 per cent of the companies this year have switched to abridged accounts. "The idea is catching on," he says, " and next year, you will see many more companies following suit." Kapadia is now at a disadvantage since he wont get detailed information for his analysis. The CMIE analyses nearly 2,000 annual reports in a year for its reports on industry and economy.

The amendment supporting abridged accounts came as a result of years of pleading by various chambers of commerce and industry associations. The latter pointed out that shareholders at large, either do not read or understand the detailed accounts of a company. It was also argued that by bringing out summarised annual reports companies can save money on printing and postage.

Why waste money?

"Not more than 5 per cent of the shareholders read full annual reports. So why should a company waste money for so few?" asks Anand Rathi, senior president of Indian Rayon which has switched over to the abridged version. And Rathi's view is echoed by most of his counterparts in other companies.

It is true that abridged reports will bring costs down by half (as the number of pages are also reduced by the same amount), but in absolute terms how much does it mean for a company? Indian Rayon, for example, prints 155,000 copies of its annual reports (detailed version) and spends about Rs.6.2 lakh at the rate of Rs. 4 per copy. By bringing out the abridged version this year, it saved about Rs.3 lakh (which is less than 0.01 per cent of its turnover of Rs.327 crores for this year). As Rathi points out, "Every paisa saved is earned and that too for the company."

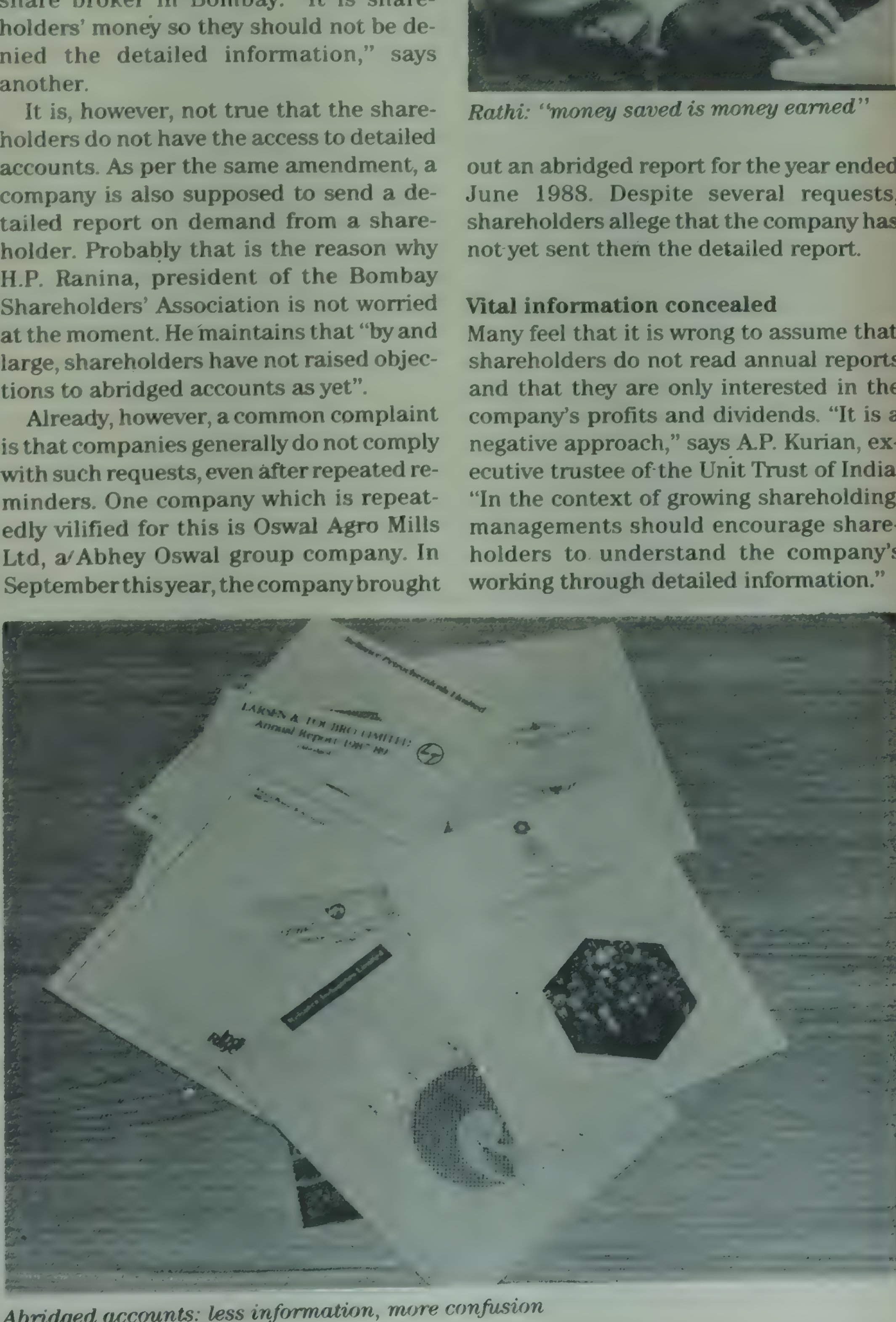
Not many shareholders are ready to buy Rathi's view. "Companies are thriving on shareholders' money and should not find it costly to send the full balance sheet, if cost is the consideration in not doing so," says Nilesh Shah, a shareholder and a share broker in Bombay. "It is shareholders' money so they should not be denied the detailed information," says another.

It is, however, not true that the shareholders do not have the access to detailed accounts. As per the same amendment, a company is also supposed to send a detailed report on demand from a shareholder. Probably that is the reason why H.P. Ranina, president of the Bombay Shareholders' Association is not worried at the moment. He maintains that "by and large, shareholders have not raised objections to abridged accounts as yet".

Already, however, a common complaint is that companies generally do not comply with such requests, even after repeated reminders. One company which is repeatedly vilified for this is Oswal Agro Mills Ltd, a Abhey Oswal group company. In September this year, the company brought out an abridged report for the year ended June 1988. Despite several requests, shareholders allege that the company has not yet sent them the detailed report.

Vital information concealed

Many feel that it is wrong to assume that shareholders do not read annual reports and that they are only interested in the company's profits and dividends. "It is a negative approach," says A.P. Kurian, executive trustee of the Unit Trust of India. "In the context of growing shareholding, managements should encourage shareholders to understand the company's working through detailed information."



Abridged accounts: less information, more confusion

SOUTH INDIA VISCOSE LIMITED

Regd. & Corporate Office: 1977-A, Trichy Road, Singanallur,
COIMBATORE 641 005, India.

Speech delivered by Shri Pallonji Shapoorji Mistry, Chairman, South India Viscose Ltd. at the 31st Annual General Meeting of the company, held on 19th Oct. 1989.

Ladies and Gentlemen

It gives me great pleasure to welcome you to the 31st Annual General Meeting of your Company. The Directors' Report and the Accounts of your Company are already with you and, with your permission, I shall take them as read.

ECONOMIC SCENARIO

The economy has shown a strong recovery in agricultural production together with the sustained momentum of industrial growth in the wake of good monsoon last year. According to the economic survey of the Government of India, the GNP grew by 9% in 1988-89 and the industrial production by 9.3%. The Stock Markets have shown consistent buoyancy during second half year truly reflecting the economic growth.

The prospects are bright for raising bumper food and cash crops in 1989-90 following widespread rainfall in almost all regions in recent weeks. If the northeast monsoon also turns out to be normal, it should be possible to reach a foodgrain production of 180 million tonnes. However, the major challenges of economic management have come from a difficult balance of payments situation.

PERFORMANCE

Your Company has established an impressive track record with a continuous marked degree of improvement in its operations over the past four years. 1988-89 was another year of record performance, with production, sales and profits registering an excellent increase over previous year. The outlook for the current year is encouraging. The market for your Company's products is good and with all-round thrust being provided by the Management, you can look forward to another year of good performance.

EXPANSION/MODERNISATION

I am pleased to mention that your Company is now in the process of implementing a programme to modernise/expand the existing three plants at a cost of nearly Rs. 30 Crores.

RAW MATERIALS

Like other chemical industries, raw materials account for a high production cost. While your Company makes continuous efforts to improve the operating efficiency of the factory and achieve higher productivity, frequent and steep increases in the raw materials cost particularly the wood supplied by the Government upsets the planning and act as a disincentive to the long term growth of the Company. In the past, Tamil Nadu Government has been raising the Royalty rates for wood by 10% – 15% at an interval of 2 to 3 years. However, during the last two years Government has imposed a steep hike in the Royalty rates and that too the increases have been effected every year. The rates were increased by 16% for 1987-88. For 1988-89 the hike was as high as 46% followed by nearly 83% over 1987-88 for 1989-90. Thus the Royalty rates have been more than doubled in the last 3 years. It is appreciated that the State Government must raise resources. But I am afraid that any abnormal hike in the Royalty rates will have the adverse effect of penalising an efficient unit. We hope that the rates once fixed will be maintained at least for a minimum period of three years to enable the Company to formulate its policies.

AGRO-FORESTRY SCHEME

You are aware that your Company, with a view to ensure long term availability of raw materials (Pulpwood) in adequate quantities, has embarked upon an Agro-Forestry scheme to promote planting of Eucalyptus Trees in private farm lands both in hills and plains. The implementation of this project has made satisfactory progress during the year. Commercial nurseries have been established and the seedlings raised in nurseries are being distributed to farmers for planting. The response from the farmers is encouraging.

ENVIRONMENT AND ECOLOGY

Your Company continues to give highest priority for the preservation of environment and ecology. The implementation of the Agro-Forestry Project will not only promote planting of trees outside forests but will also contribute to maintain the environment in the region and conserve the ecology. Effluent treatment plant installed in the Factory is also being operated continuously to ensure that the discharged effluents is in conformity with the prescribed standards.

ENERGY CONSERVATION

Efficient use of energy is critical for our economic development. Your Company recognises the importance of energy conservation and has taken up a number of energy savings scheme for implementation.

EXPORTS

As stated earlier, the country's balance of payments position is matter of concern. The trade gap has to be contracted with more aggressive efforts to push up the exports. The Government has chalked out a strategy for boosting exports by 40% and restricting the imports in the current financial year. With continuing devaluation of the rupee and a higher level of agricultural and industrial production, it should not be difficult to achieve the export targets. But the tempo of the rise in exports can be maintained only if non-traditional items make a large contribution to the foreign exchange earnings.

In this connection, I would like to mention here that your Company's exports in 1988-89 were lower than the previous year caused by delay in the issue of Trade Notices by the Government. I hope that the Government would remove such constraints. International market situation has changed over the past couple of years to a favourable one for promoting exports. I am happy to say that your Company's products viz., Wood Pulp, Rayon Filament Yarn and Viscose Staple Fibre are now competitive and possess quality matching international standards. In view of the demand for these products in the overseas markets, your Company has been approaching the Government for permission to export also Wood Pulp and Viscose Staple Fibre. But the Government is yet to respond to our requests.

DIVERSIFICATION

The implementation of Lignosulfonates Project is making satisfactory progress. In the meantime, your Company has been actively working on feasibility studies of a number of new projects. Your Company has signed a Memorandum of Understanding with the Gujarat Industrial Investment Corporation Limited for setting up a project for the manufacture of Acrylamides. They are holding a Letter of Intent. The search is on for a suitable technology tie-up.

A MOU has also been signed with M/s IAEC Boilers Pvt Ltd., for subscribing towards their Capital. You are probably aware that IAEC Boilers is an engineering Company who are reputed manufacturers of Boilers, Hot Water Generators, Heat Exchangers, Waste Heat Recovery systems etc., and their plant is located at Ranipet near Madras.

The other projects which are being considered are on Edible Oil and Seeds. The Company is also examining investment opportunities in other areas.

With the expertise your Company has gained over the years in Man-Made Fibre Industry and Agro-Forestry, we have been exploring and assessing the business opportunities to expand our activities in overseas countries. Based on preliminary survey, the prospects for setting up a joint venture project abroad are bright. With plans and projects under way your Company will forge ahead in the coming years. I look at the future of your Company with an excitement of great expectations.

ACKNOWLEDGEMENT

I would like to thank the Central Government, Tamil Nadu Government, all Financial Institutions, Banks and the Shareholders for their support and co-operation.

APPRECIATION

Finally, let me take this opportunity to express my sincere thanks and appreciation of the contribution made by employees at all levels for the good performance of the Company.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

Others point that out that abridged accounts will help companies conceal vital information even more than before. Already some companies fudge their accounts so much that even experts find it difficult to decipher them. With abridged reports it will now be impossible to figure out the fiddles.

A study of several annual accounts released over the past few months also leaves one with a nagging doubt as to the appropriateness of the abridged form. A review of the abridged balance sheets shows up several gaps in information. Firstly, it is not possible to ascertain the ratio of bonus shares included in the capital. This information is useful to ascertain the bonus record of the company. Adequate details of reserves are also not available. In the abridged accounts of Bindal Agrochem Ltd, capital reserves of Rs.33 crore appear without any further details (nil in the prior year). The fixed assets have not been revalued, and a scrutiny of accounts leaves one guessing about the source of the item. Secondly, details of additions to the fixed assets normally reveals the company's expansion plans and gives clues to the possible profitability in the future. These details are no longer available in the abridged accounts. For example, the accounts of Samtel Colour Ltd, dated 31 March 1989, show an increase in the net block of fixed assets from approximately Rs. 94 lakh to Rs.141 crore and there is no information about the additions. Similarly, in the accounts of TELCO, Rs.52 crore have been added to the net block with no further details. While this presentation is perfectly in accordance with the prescribed form of the abridged accounts, the fact remains that the shareholders have been denied free access to crucial information.

Non-availability of details

Yet another difficulty in abridged accounts is non-availability of information regarding debtors in the absence of a breakup between those with outstandings of more than six months and others. Debts due from companies under the same management, and provisions for doubtful debts are also not specified. This information is useful not only to know what debtors owe the company, but also the fact of sale to associated companies.

The same is also true of loans and advances. For example, the abridged accounts of Bindal Agrochem show an increase in loans and advances from Rs.1.69 crore to Rs.26.07 crore without

Ranina: not unduly worried

explanations.

Another area where considerable confusion can arise is the non-availability of "other income" details. As per the amendment, only those items which constitute more than 20 per cent of income need be

Companies are thriving on shareholders' money and should not find it costly to send the full balance sheet, if cost is the consideration in not doing so

detailed in abridged accounts. But it becomes obvious that even items under "other income" may constitute less than 20 per cent of income and still be important enough to merit separate disclosure. Similarly, in the absence of the schedule on capacity production and stocks, it has now become impossible to assess the physical performance of a company in terms of capacity utilisation and sales.

Undoubtedly, a plethora of notes on accounts sometimes confuses the reader with information which may not be relevant, thereby preventing him from separating the wheat from the chaff. And rightly, the notes on accounts are often referred to, in a lighter vein, as "dust under the carpet". Nonetheless, they are important when auditors make reference to it. In case of abridged annual reports companies are now free to choose the "important" notes themselves. And as has happened in many cases, (eg. L&T and Oswal Agro) notes referred in the Auditors Report are non-existent in "Notes to the Accounts", leading to a great deal of confusion for shareholders.

While it cannot be denied that there was some element of wastage in sending complete annual reports to all shareholders, it is equally true that, in most cases, the annual accounts are the only communication link between the shareholders and the company. And in any case, abridged accounts, as defined by the amendment, are possibly too abridged for the review of accounts to be meaningful. But given the situation, the least that companies could do is atleast be prompt about sending detailed accounts to shareholders as and when requests for them come in.

■ KETAN DALAL and DILIP MAITRA

DEVALUED ROUBLE

Opportunity beckons

"About ten roubles to the US dollar is, I think, the correct free convertibility rate on the international market," says Shekar Sathe, senior dealer at Nova Scotia Bank. At present the exchange rate stands at about six roubles to the dollar. However, Sathe does not expect that international market currency trends will affect the Indo-Soviet parity agreement, which is placed at Rs.17 to the rouble.

Ramu Deora, president of the Federation of Indian Export Organisation, agrees with Sathe's assessment, and adds that as trade between the two countries is conducted in rupees the exchange rate remains to the advantage of Indian entrepreneurs. However, this rate, according to financial sources in Bombay, is still too high, as they anticipate a devaluation of the rouble once the currency goes international.

Complaints by Russians that the rupee depreciation has accelerated in the past year compared to the dollar by 13.5 per cent was rejected by Sathe. "The depreciation of the rouble has been much faster than that of the rupee in the same period of time." He states that the rupee has depreciated very steadily. "The rupee-depreciation has kept pace with the present domestic rate of inflation which is around 8 to 10 per cent."

Declining rapidly

Despite denials from Soviet authorities, the rouble is fast becoming a second rate currency in the USSR itself. A 60 per cent crash since last autumn in the black market value of the rouble is testimony that the Russian currency's worth is declining rapidly. The street rate offered to Western tourists has fallen from 25 cents to a rouble about eight months ago to 10 cents.

Notwithstanding the turbulence in the Soviet currency, Sathe points out that the existing Indo-Soviet contracts will continue within the parity agreement. "And if adjustments are made in the future, there will be a step by step move." Sathe, however, does not expect any change until 1992.

European currency experts believe that the rouble will have to devalue appreciably if the USSR joins the International Monetary Fund. In view of the awaited monetary policy change in the USSR, the Indian government has urged its entrepreneurs to come forward and meet the impending challenge by maximising exports to the Soviet Union. The trade turnover this year has been fixed at Rs.7,000 crore. Exports from India will be around Rs.3,800 crore, while imports from Russia are approximated at Rs.3,200 crore.

According to the former Indian ambassador to Moscow, T.N. Kaul, there should be a scramble for more joint venture opportunities after an agreement for more favourable convertibility has been reached between the two governments.

The euphoria of perestroika seems to have created an overoptimistic view in government circles. However, as Indian entrepreneurs say, many problems have cropped up. Among these are Soviet laws which are extremely stringent about the repatriation of profits made by joint ventures on sales within the Soviet Union. Furthermore, there is as yet no cut and dried policy on repatriation of profits from sales to third countries.

During his talks recently with senior Soviet government officials in Moscow, Ramu Deora explained to them that India has signed 4,891 joint venture agreements on an international scale and the foreign partners were given the free choice to repatriate their profits after taxation, or reinvest. Deora pointed out that though the Russians have in principle accepted his viewpoint, they are still hesitant to take bold steps towards liberalisation of trade. "But," he says, "they will eventually change as they understand our point of view."

Unfavourable barter

At present perestroika has permitted Soviet state enterprises to deal directly with foreign companies, yet it requires them to balance their foreign exchange outflow and inflow. An example is the first Indian joint venture. The Indian Tourism Development Corporation's (ITDC) Delhi Restaurant, undoubtedly a major attraction for Muscovites, has run into deep trouble. The reason is that the ITDC does not know what to do with the huge rouble profit it reaps.

This is due to Soviet laws which insist on balancing trade with its counterparts. But such barter deals are very often not to India's advantage, as the goods offered are not what this country wants. Despite these discrepancies, Sathe remains optimistic. He claims that perestroika, and Russia's realistic approach to trade, will eventually give Indians greater opportunities in the near future. Says Sathe, "The devalued rouble will enable us to buy more for fewer rupees, thus building down our rouble stockpile."

Commercial sources state that besides intensifying the traditional trade of technology and heavy machinery, Indians are now more interested in buying back from their accumulated profits abundant supplies of raw materials scarce in India.

But despite the silver lining on the horizon, there are dark clouds looming ahead. Some trade watchers in India feel that the recent close links between China and the Soviet Union after the summit in June will enhance trade between the two communist countries. Especially now with the possibility of the rouble being floated on the international market. China could thus emerge as a supplier of the same goods to the USSR which India now supplies.

Another threat is the Single European Market which comes into effect in January 1993. Already the Germans, British, Italians and French are moving into the Soviet market in a big way. Within the USSR there is a tremendous demand for consumer goods. The Soviets have accumulated huge personal savings, but there is very little in the shops to buy.

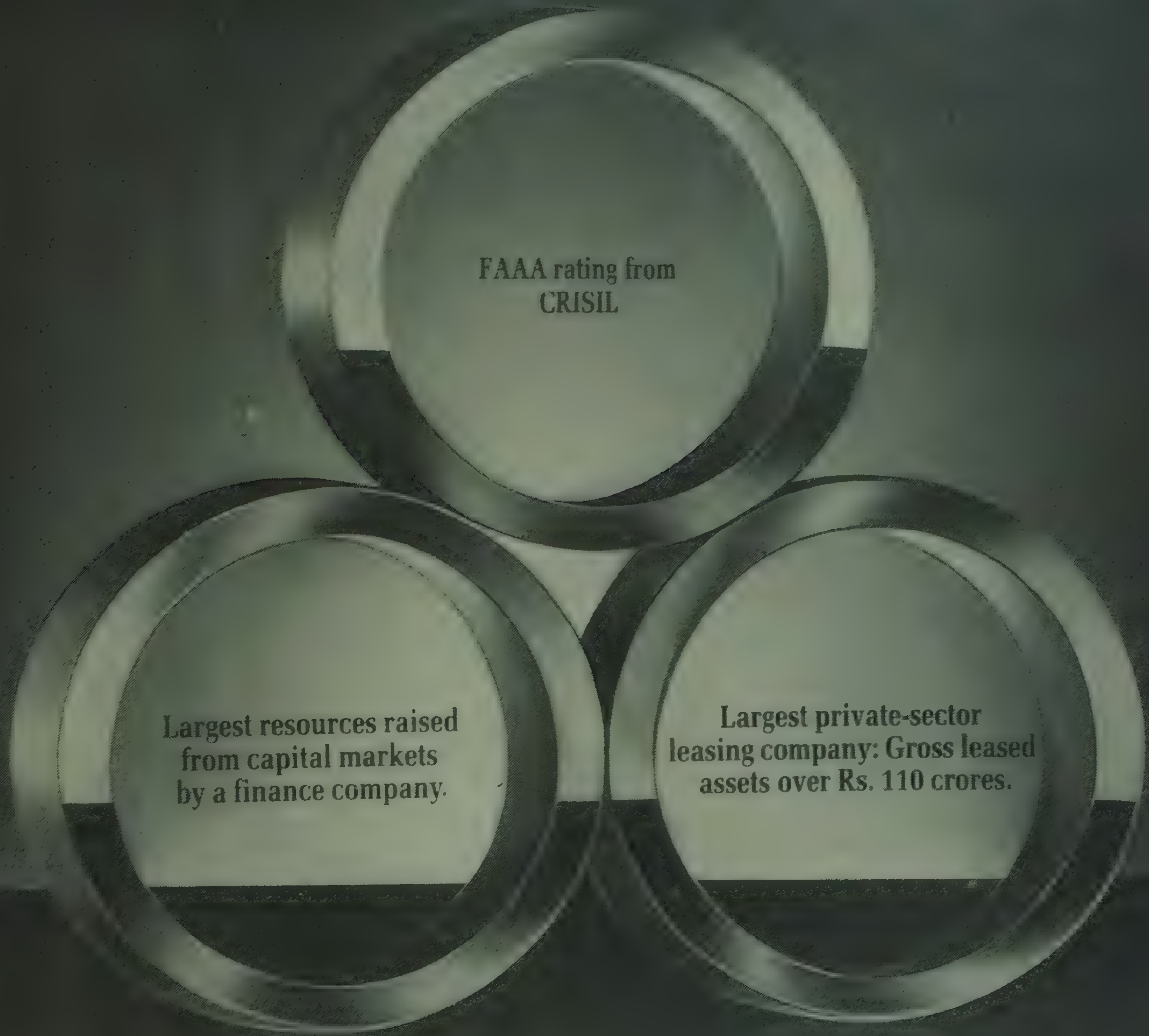
Smell of success

The Europeans, smelling success in this vast market with huge money reserves, are now willing to take full advantage of the falling rouble and the country's comparatively cheap labour. The Soviet government, hungry for hard, stable Eurodollars, will undoubtedly set its priorities on realising Gorbachev's "common European home" in its economic aspect.

Deora, though, thinks the Single European Market will be more of boon than a spoke in the wheel for India's trading future with the USSR. As trade between the European Community and India increases, so will Indian businessmen be committed to adhere to its stringent quality control. This will force Indian industrialists to pay more heed to quality and help us compete with the Europeans on equal terms. Adds Deora, "Our success will eventually lie in quality, competitive prices, energetic marketing and efficient service".

■ KAI NICHOLSO

Our Story Right Now ...



- Uninterrupted 9-year dividend record since first year of operation.
- Two bonus issues in just 6 years since going public.
- Investor population over 1,00,000.
- Growth in leased assets – 33.88% p.a. in the last 5 years.
- Growth in net worth – 38.99% p.a. over the last 5 years.
- Dividend payout growth – 44.65% p.a. over the last 5 years.
- Total borrowings to net worth – just 3.24 times as compared to the permissible limits of 10 times.
- Gross financial assets over Rs. 150 crores in just 9 years.

Credentials such as these do not come easy.

20th Century Finance Corporation Limited
The Pacesetters

Bombay: 25/26, Maker Chambers III, Nariman Point, Bombay – 400 021.
Branch Office: Madras: 8 -B, Raja Annamalai Buildings, 19, Marshalls Road, Egmore, Madras – 600 008.

DART/TC/2731

GEARING UP FOR THE FUTURE

V.K. MODI

Ladies & Gentlemen,

On behalf of the Board of Directors and on my own behalf, I extend to you all a very warm and cordial welcome to this 18th Annual General Meeting of your Company. The Directors' Report and audited Accounts for the period ending March 31, 1989, have been with you for some time now and may I, therefore, with your permission take them as read.

ECONOMIC ENVIRONMENT

At the outset, I would like you to join me in complimenting our dynamic Prime Minister Shri Rajiv Gandhi and his Government for valiantly grappling with various challenges faced by our country and at the same time making a bold bid to harness our cyclically volatile economy. I am sure, you also share my feeling that aided by timely monsoons, the nightmare of drought, staring us in the face during 1987-88 is already a thing of the past. A record breaking growth of 23% in agricultural produce, about 9% in industrial sector and 29% in exports, alongwith major leaps in technology speak volumes for the sagacity and drive of our Government and commitment of our people. The timely and wide dispersal of rainfall, during the current monsoon spell, is another good omen for this year too.

It is indeed a very pleasant co-incidence that we are exuding this optimism in the birth centenary year of a great visionary and the architect of modern India—Pandit Jawahar Lal Nehru. The planned economic development, conditioned in difficult democratic set-up, conceived and initiated under his leadership has come a long way indeed.

Encouraged by the achievement of targtted growth rates in different sectors during the first four years of the Seventh Plan, and spurred by the urgencies of time, a higher growth rate of 6% in GDP and 9% in industrial production is being targetted for the Eighth Plan period. This would necessitate mobilisation of resources to the extent of Rs. 6,50,000 crores. Since, as per the approach paper to the Eighth Plan, the main thrust is on elimination of poverty and amelioration of common man's life, through better employment, food, clothing, shelter, education and health-care measures, all of us should feel obligated to extend our fullest co-operation for the success of this plan.

In the recently released Annual Report for 1988-89 by the Reserve Bank of India, while certain trends are heartening, there are indications for concern in areas like foreign exchange reserves, current account deficit and inflation. Our Government is seriously siezed of these problems and given the general co-operation and support necessary for such stupendous tasks, will be able to tackle the same effectively. We on our part pledge to contribute our mite in this national endeavour.

Turning to private industrial sector as a whole, I am proud to state that this sector has always shown its maturity and self-discipline and responded to somewhat hesitant liberalisation measures of the Government, with great aplomb. The initial apprehensions having thus been allayed, we hope that the policy of liberalisation will be pursued openly to ensure accelerated growth of our economy.

While entering the new decade of the nineties, if we pause and take an historic perspective, our hearts will be gladdened to see that a solid foundation, in hitherto non-existent, infrastructural industries, industrial and consumer product goods industries, as well as our backbone, the agricultural sector has already been laid. We also possess an over-flowing reservoir of trained man power to draw from. Notwithstanding the usual problems relating to accelerated growth, on the whole the nation is brimming with confidence.

CAPITAL MARKET

Turning to all important capital market, I would like to quote from RBI's Annual Report. "With noticeable improvements in basic economic fundamentals as also better performance by the private corporate sector, the capital market experienced considerable buoyancy during the year. Fresh Capital Issues were significantly larger and evoked better response. In the secondary market, the share prices registered a sharp rise in 1988-89 after a moderate decline in the previous year."

To this, I would like to add, that capital market owes its optimism to the liberal economic and pragmatic financial policies being pursued by the present Government. The continuation of vibrant trend at this juncture, in defiance of the normal uncertainties associated with the outcome of General Elections, reflects the faith of the investing public in the inherent strength of our economy. No wonder, our capital market is now being openly mentioned, if not reckoned, as one of the emerging giants in the world.

OUR PERFORMANCE

I am pleased to report that during the 11 months period under review, your Company achieved a record production of 22.26 lakhs tyres and a turnover of Rs. 413.84 crores. The exports of Rs. 16.22 crores during the period is also a record breaking performance. It is a matter of genuine pride for all of us, that we continue to maintain brand leader status in domestic market and No. 1 position on the export front. The operations during first quarter of the current year are also encouraging as we have achieved a turnover of Rs. 120.32 crores against Rs. 108.07 crores during the same quarter last year.

PROFITABILITY

During this period, the profitability of your Company, however, has not been as high as it should have been under the normal circumstances, due to over 50% increase in the costs of some of the basic raw materials like Natural Rubber and Nylon Tyre Cord. Moreover, due to acute shortage of some of the raw materials, the same had to be imported at much higher prices due to very high incidence of import duties.

Your Company made a profit of Rs. 17.51 crores during the 11 months period after providing Rs. 8.62 crores towards depreciation. The after tax profit was Rs. 13.51 crores against Rs. 14.78 crores for the last year (12 months). You will thus appreciate that on pro-rata basis we have been able to maintain our after tax profit at the same level as the last year.

DIVIDEND

Your Company has recommended, for your approval, a dividend @ 25% for a period of 11 months' operations, which on an annualised basis works out to 27.27%; and will absorb Rs. 259.50 lacs out of profits.

RAW MATERIALS

I have earlier stated that escalation in the prices of raw materials, which account for 80% of the cost of production of a tyre, had significantly eroded our profitability. In this context the following figures indicating percentage increase over last two years speak for themselves viz. Nylon Tyre Cord 54%, Natural Rubber 51%, SBR 26%, PBR 14%, Carbon Black 33% and Rubber Chemicals 71%.

It is an open secret that the prices of raw materials for tyres, in India are almost double the prices prevalent in the international market; in addition, some of the major items are generally in short supply.

Modi Rubber Limited

Registered Office: Modinagar-201 204, District: Ghaziabad, U.P.

SPEECH DELIVERED BY SHRI. V.K. MODI, VICE CHAIRMAN & MANAGING DIRECTOR AT THE 18TH ANNUAL GENERAL MEETING, SEPTEMBER 27, 1989.

Natural Rubber

Since Natural Rubber accounts for 28% of the raw material cost for tyres any undue price increase on the same upsets the production costing of tyres. The average price of Natural Rubber was Rs. 18,000 per tonne last year. This year, the price has remained above Rs. 20,000 per tonne and peaked at Rs. 25,000 per tonne. Similarly as against release price of Rs. 17,500 per tonne last year, STC released imported Natural Rubber at prices varying from Rs. 23,500 to Rs. 27,400 per tonne. It has been assessed that this price increase put an additional burden of Rs. 100 crores on tyre industry during this year.

To put at rest the controversies on what is the fair price for Natural Rubber, three years back the Costing Branch of Finance Ministry had undertaken a production cost study on Rubber and come to the conclusion that a price of Rs. 16,500 per tonne shall be remunerative to the growers. The tyre industry accepted the price thus determined but pleaded with the Government to ensure that Rubber is made available at the fair price by STC releasing Imported Rubber at the fair price determined by the Government. It was requested that it should be ensured that the domestic Rubber price also stabilises at that level. Subsequently, based on the cost updating, Government has been revising the fair price of the Rubber, the last updating resulting in the fair price going up to Rs. 17,800 per tonne. Unfortunately the international price of Rubber went up last year and as the Government was reluctant to adjust the import duty to enable STC to release the Rubber at the fair price, STC had no other alternative but to release the Rubber at very high price influencing the domestic price also to go up to new high levels.

The tyre industry has repeatedly stated that the growers should get adequate price for Rubber. For this purpose a mechanism was evolved by Government, nearly three years back, of having Buffer Stock Scheme and adjusting import duty on Rubber to the level enabling STC to release Rubber at the fair price determined by the Government. Unfortunately during 1988 and 1989 this scheme did not work at all due to high release price by the STC.

In brief, the requests of tyre industry are:

(a) Rubber should be made available to the industry at the fair price determined by the Government. This can only be done by STC releasing Rubber at fair price and further STC could do it only if the import duty is reduced to 10%, and

(b) Import of adequate quantity of Rubber should be effected so that no shortage is felt.

Nylon Tyre Cord

Nylon Tyre Cord is another important raw material accounting for 30% of the production cost of tyres. Last year while tyre production went up by 26%, Nylon Tyre Cord production could not be stepped up. This resulted in shortage of Nylon Tyre Cord. On the one hand, import of Nylon Tyre Cord was an uneconomical proposition because with an extremely high import duty of 179%, imported Nylon Tyre Cord was costlier by Rs. 50,000 per tonne, on the other hand, the Government wanted tyre industry to increase production.

The well-merited suggestion of the tyre industry to reduce the import duty on Nylon Tyre Cord to enable tyre industry to import the same at economical cost, unfortunately has not yet been agreed to. Thus tyre industry had to bear additional financial burden of Rs. 30 crores in import of Nylon Tyre Cord. What is not realised by the Government is that there would be no incentive to increase production of any product, and so also tyres, if the fiscal policies are such that cost of production becomes prohibitively high. If the import duty had been reduced as requested by tyre industry, revenue loss to the Government would have been only Rs. 30 crores. But on the ground that it is uneconomical to import Nylon Tyre Cord at high price and to produce tyres, had the industry not imported Nylon Tyre Cord the consequent drop in production of tyres, apart from creating shortages for tyres, would have resulted in Government losing revenue of more than Rs. 200 crores by way of import duty on Nylon Tyre Cord and excise duty on tyres.

Nobody disputes that indigenous industry should not be protected. But it does not make sense to keep import duty on any material at such a level that import becomes an uneconomical proposition. The request of the tyre industry is that import duty on Nylon Tyre Cord should be reduced to 104% enabling import of Nylon Tyre Cord at economical cost while at the same time giving full protection to the indigenous Nylon Tyre Cord industry.

HIGHLIGHTS

- Prime Minister and Government deserve to be complimented for valiantly grappling with challenges. Optimism about revival and strength of economy. Concern about diminishing foreign exchange reserves, deficit finance and inflation.
- Outlook for 1990's optimistic.
- Capital Market emerging stronger — conventional uncertainties and fluctuations reduced.
- Turnover increased from Rs. 400.13 Crores (12 Months) to Rs. 413.84 Crores (11 Months). Profitability affected due to unprecedented increase in the cost of inputs but after tax profits maintained.
- Dividend of 25% (27.27% on annualised basis).
- Emphasis on need to make raw material prices fair and economical by adjustments in duties.
- Export performance improved; 22.53% share of total exports captured CAPEXIL award for the third successive year.
- Import of tyres not necessary. Call to increase duty on import of tyres or reduce duty of inputs for a fair and even competition.
- Delicensing of tyre industry welcome as liberalisation measure but apprehension of fragmentation of capacity.
- Future of industry promising. Potential for 20% per annum growth.
- Strengthening of R&D and development of human resource capital undertaken. Modernisation and rationalisation results already discernible.
- Ambitious plans for future growth include new project for Nylon Tyre Cord/Fabric.

Butyl Rubber

The Butyl Rubber is a better substitute for Natural Rubber for the manufacture of inner tubes for tyres. There is no indigenous production of Butyl Rubber. Still there is an effective import duty of 85% on Butyl Rubber.

Where is the justification for such a duty, more so as tyre is already subjected to high rate of excise duty?

CONTD. OVER LEAF

EXPORTS

Considering its vital importance, I would like to make a special mention about our export performance, which continues to be a source of justifiable pride. As mentioned earlier, we could touch an all time high figure of Rs. 1622 lacs in exports which accounts for 22.53% share in total tyre exports from India. In the process, we have improved our exports to such technically advanced countries as the USA, UK and USSR and are consolidating our position in other countries like Afghanistan, Bangladesh, Italy, Middle East, Singapore and UAE.

Your Company has also added yet another feather to its cap by winning CAPEXIL Top Export Award, for the third successive year.

However, exports remain a losing proposition. I request the Central Government that the industry should get total Cash Compensatory Support (CCS) of 12% on exports against 5% presently available. The CCS should not be linked to the value addition.

IMPORT OF TYRES

Although, the industry is in a position to cater to any increase in demand, and if I may say so, even yearning for such an increase, to make better capacity utilisation, yet in its wisdom, the Government has permitted import of tyres under OGL. The import duty on tyres has been reduced from 145% to 105%. This is contrary to the policy of giving Tariff protection to indigenous industries, by prescribing import duties on finished products at higher rate than the import duty on raw materials of the concerned item.

The industry feels that this is patently unfair and smacks of discrimination.

I, therefore, sincerely appeal to the Government that either the import duty on tyres be restored to the earlier level of 145% or import duty on raw materials should be reduced to 65% to give us a chance to fight competition on an even basis.

DELICENSING

It appears that reacting sharply to transient imbalance between the supply and demand of tyres, the Government has decided to delicence the manufacture of tyres and tubes. Its implications are too obvious to be highlighted. While we certainly welcome this measure as yet another step towards liberalisation of controls, we have a feeling that this would lead to fragmentation of capacity and would be against the policy of setting up plants of minimum economic capacity.

MOTOR VEHICLES ACT

The industry welcomes the promulgation of Motor Vehicles Act, as it will be instrumental in effectively curbing the practice of over-loading of commercial vehicles and reduction in air-pollution. It is felt that with control on over-loading the manufacturers would not be required to over-build their tyres for ensuring extra safety. The tyres would thus be lighter and more efficient. The demand for commercial vehicles and consequently tyres would also increase.

FUTURE OUTLOOK

Large and diversified, as our country is, the role of road transport—passenger as well as goods, cannot be over-emphasised. Growing population, continuous development and improvement in standard of living will always put pressure on the production of tyres. It is estimated that as against a demand of 11 million tyres during 1987-88 the demand is likely to touch 28 million by the end of next plan, providing a potential for growth at over 20% per annum for the industry as a whole. The future seems to be bright and full of challenges.

EXPANSION/DIVERSIFICATION PLANS

Your Company is gearing itself to face the challenges of change by strengthening its R&D effort and improving human resources capital. In addition to this, we have undertaken a programme of modernisation, expansion and rationalisation at both the locations and the results of initial steps in this direction are already discernible.

In order to improve controls and decision making processes we are also enlarging and up-dating our computerisation programmes.

ALL STEEL RADIAL TYRES PROJECT

I have pleasure to inform you that we are seriously working on the implementation of our Radial Tyre project for the manufacture of 4,00,000 units per annum. Our foreign collaboration agreement with M/s. Continental Aktiengesellschaft, West Germany already stands approved by the Government.

NYLON TYRE CORD PROJECT

You will be glad to know that recently, your Company has been granted a Letter of Intent for establishment of a project for the manufacture of Nylon Tyre Cord/Fabric at Nanded in the State of Maharashtra. This will not only eliminate our dependence on others for this vital item but also reduce out- flow of precious foreign exchange from the country. Effective steps are being taken to implement this project.

DIVERSIFICATION PROJECTS

We have already identified a few other projects for which requisite sanctions are being obtained. We will keep you posted with their developments from time to time.

SECURED NON-CONVERTIBLE DEBENTURES

Your Company proposes to issue fresh Secured Non-Convertible Debentures amounting to Rs. 1038 lacs on Rights basis to meet a part of its working capital requirements. A resolution to this effect has been incorporated in the notice for this meeting for your consideration and approval.

I am positive that with your good wishes and co-operation and encouragement from the Government and Financial Institutions we will be able to implement our plans and earn for your Company, a well deserved status of a flagship, in its own right.

LABOUR RELATIONS

I am happy to acknowledge that cordiality and harmony in labour management relations have been a major contributory factor in our achievements of improved operational results. I am confident that the sense of belonging and excellent team spirit will continue to be the basis of our work culture.

ACKNOWLEDGEMENTS

I would like to record my thanks to my colleagues on the Board for their invaluable counsel and guidance. I also consider it to be my very pleasant duty to place on record our appreciation of the entire work force, staff and the management employees; for all the good work done by them during the year and hope that they will continue to excel their own performance. I would also convey my gratitude to the Central and the U.P. Governments. Financial Institutions, Banks, Dealers, Customers and Shareholders, deserve our praise for their guidance, co-operation and support as well as their faith in the bright future of this Company.

My thanks are also due to our collaborators M/s. Continental Aktiengesellschaft, West Germany, for making it possible for us to be what we technically stand for.

I profusely thank you too, ladies and gentlemen for having graced the occasion and heard me with attention and patience. My best wishes to you all.

Thank you.

V.K. MODI

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

VOLUNTARY RETIREMENT SCHEME

A popular option

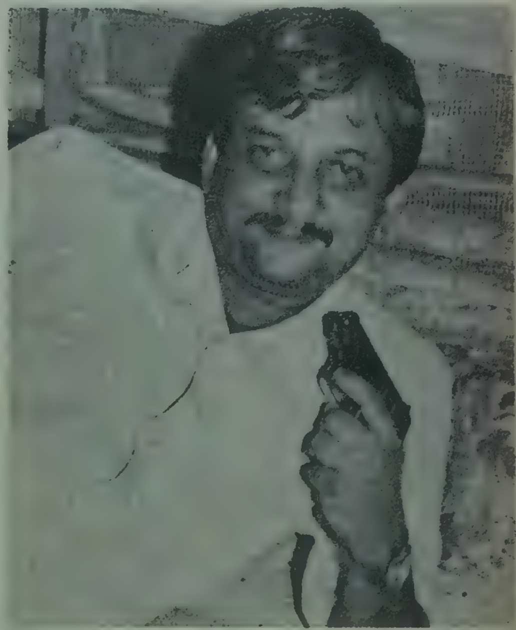
The golden handshake seems to be here to stay. All across the land, more and more companies are recommending, cajoling, and even threatening their employees to put in their resignation letters in return for a lucrative financial package

It is a proposal that can be best described as sensible. Arvind Buch, president of the Ahmedabad-based Textile Labour Association has recently come up with a solution for the problems of the 17 textile mills closed in Gujarat: a voluntary retirement scheme (VRS) for the 40,000 workers sitting at home. Buch feels that even if 25,000 of them, most of whom have reached old age, respond, it will be worth it. The golden handshake, he feels is the only way to reduce the unnecessary numbers on the payrolls.

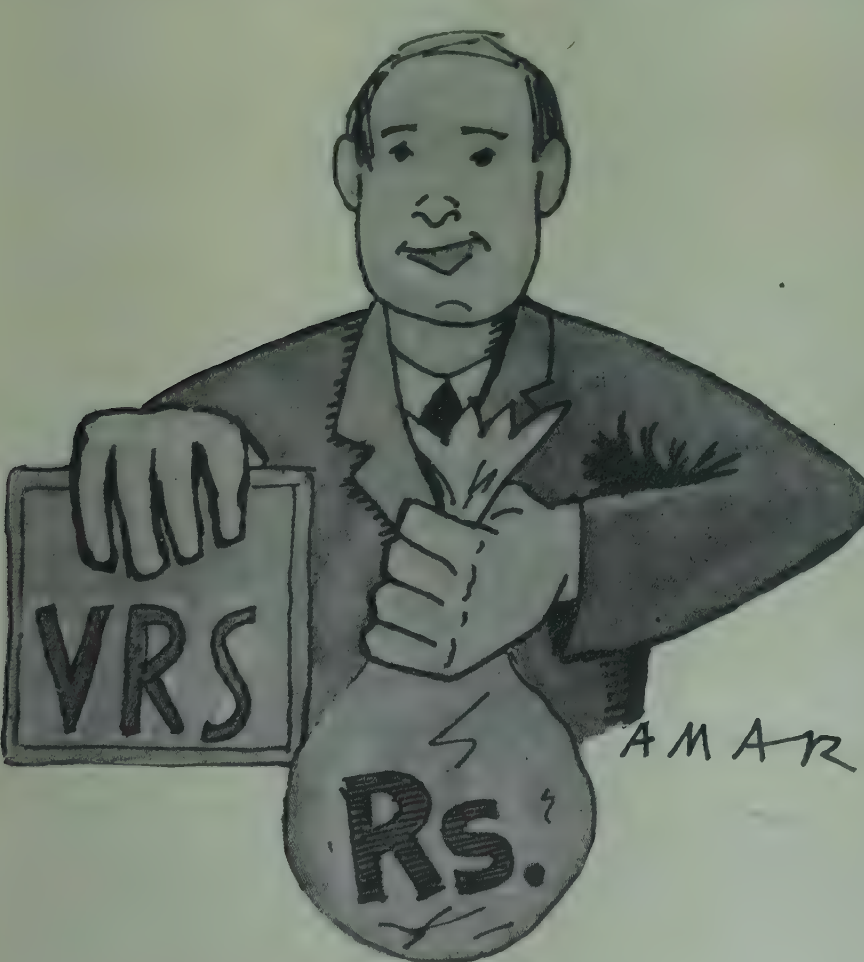
So far, companies wishing to cut down on their labour force had to resort to retrenchment, sometimes with the co-operation with the unions, most often not. Retrenchment was a messy affair in most of the cases, leading to a great deal of heartburn among workers, often to strikes and consequently, a fall in production. In comparison, VRS is like a neat surgical cut. A signature on the relevant documents, a quick bear hug and its goodbye. No tears, no acrimony.

Paying out huge sums of money at one go may seem to be a financial drain but it works out to be economical in the long run. "These days, the average pay of a worker in a pharmaceutical firm is Rs.5,000. So if a company manages to get even 10 of its employees to accept the VRS it saves Rs.6 lakh every year, which is not an amount to be sneezed at," says a labour consultant to a leading pharmaceutical company.

Many companies have seen the financial wisdom of the scheme. Among many others, the Calcutta-based Gramophone Company of India opted for a VRS last year and the original workforce came down from 1,700 to 1,100. Other Calcutta companies like Indian Explosives, Stewarts & Lloyds, Guest Keen Williams (GKW), and ITC, have also reduced the number of employees through VRS.



Joshi of KUS: "other workers would have been in trouble"



In Bombay, 279 workers of Mahindra Spicers Ltd (MSL), a subsidiary of Mahindra & Mahindra, have accepted VRS. Other Bombay companies which have gone this route include Crompton Greaves, Siemens, Ciba-Geigy, May & Baker, Procter & Gamble and Rallis India.

Surprisingly, even the public sector is waking up to the fact that operations can become more profitable only when the fat is trimmed away. Coal India Limited (CIL) has identified 31,000 of its 675,000 workers as surplus staff and is now dangling the juicy carrot before them. Other public sector undertakings like BHEL, Hindustan Fertilisers Corporation, FCI and SAIL have also adopted the VRS.

VRS cuts across all levels. While most companies direct it mainly towards their workers, there are managements which have introduced it for officers as well. The response has varied from the lukewarm to astounding. While most who have accepted have been people who have served for many years and now prefer a relaxed lifestyle, there are also the younger lot who have opted out to start something of their own. "This scheme has helped me stand on my feet," says Eknath Kulkarni, a machinist who has started a small hardware store after taking premature retirement from a Bombay-based engineering firm.

The schemes have been especially popular among chronic absentees. Also, a good number of the employees to take VRS have been women. "Most of these women have reached middle age and now wish to de-

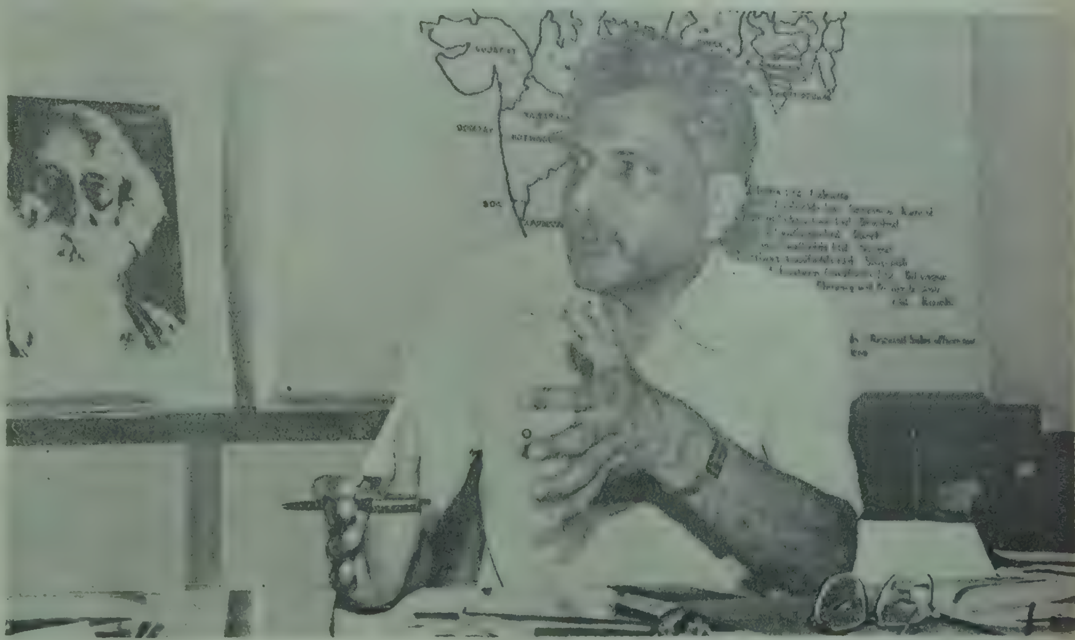
vote time to their homes and children," says A.R. Pednekar, director, personnel and administration, at Searle (India) Ltd. "Of the 25 women at our Thane plant, 22 have already taken VRS. The remaining will also go by the year-end."

Waiting for revisions

Compared to the private sector, the response to VRS has been less encouraging in the public sector, and not because the compensation offered is less lucrative. Currently, people are marking time, awaiting the forthcoming wage revision for public sector enterprises and the finalisation of the proposed pension scheme. Says an official at the Minerals and Metals Trading Corporation in New Delhi, "Frankly, I would like to take VRS but I am waiting. Why should I lose out by accepting VRS now if I can get a better deal six months later?"

The emoluments that companies hold out as bait, differ in each case. After its tripartite agreement with the union in January 1989, the GKW management offered a VRS scheme for employees with five years of service left. The compensation: 65 per cent of the basic salary plus full dearness allowance (DA) till the date of retirement. "The response from the workers has been encouraging," says S.M. Batra, the company's chief executive. "Till 31 March 1989, 900 of the total 10,000 workers had accepted the scheme."

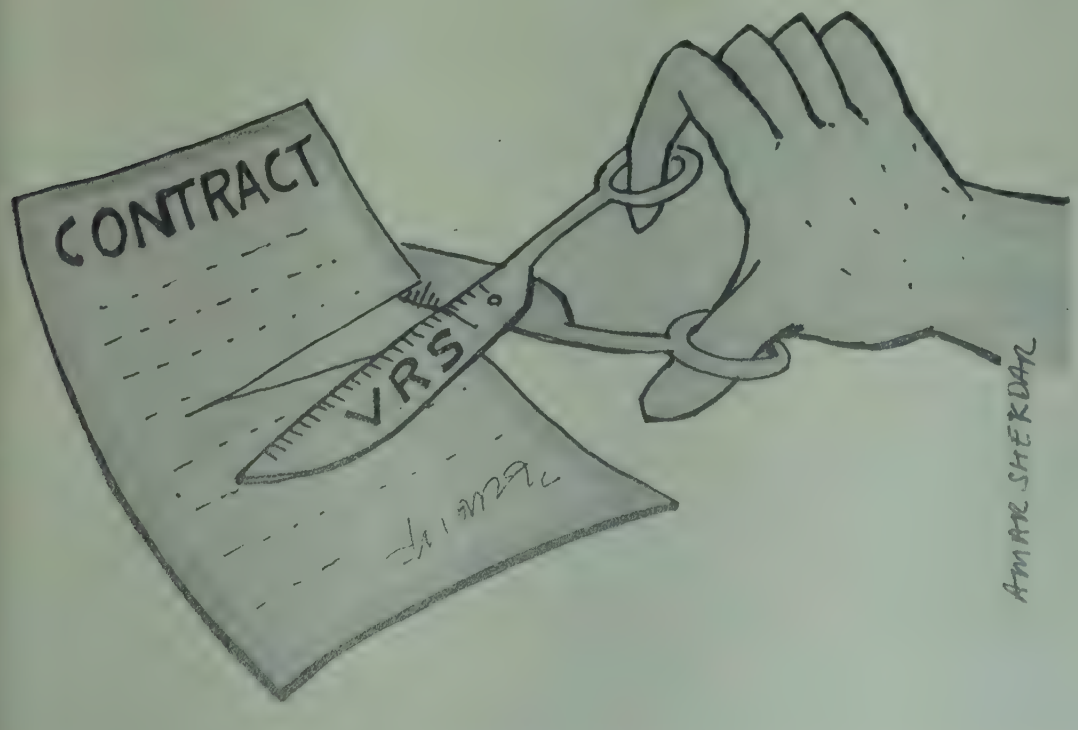
At Searle (India), 20 workers in 1985 and another nine in 1986 took two months' salaries for every year they had served and retired from the company. Not satisfied with the response, the management has now made the package more attractive: three months' salaries for every year of service or two months' salaries for every year served plus a month's salary for every remaining year of service, whichever is higher. This year, in the first seven months alone, 25 people had retired under the new VRS.



Singh of CIL: proper investment will give lucrative returns

"Enough returns"

CIL officials have coined a new term for VRS: the monetary terminal payment, started in October last year. It consists of ex-gratia (at one-and-a-half months' wages) for each year of service or monthly wages for all the months of service left till retirement, whichever is less. "A worker earning Rs.2,000 a month, with 20 years of service, will get Rs.1 lakh as a lump sum. Some of our employees have got more than Rs.2 lakh," says A.D. Singh, general manager for manpower planning and industrial relations. "Invested properly, the money will give enough returns to allow the workers to take up agriculture or even business." In all, about 1,860 workers accepted VRS between October 1988 and July 1989.

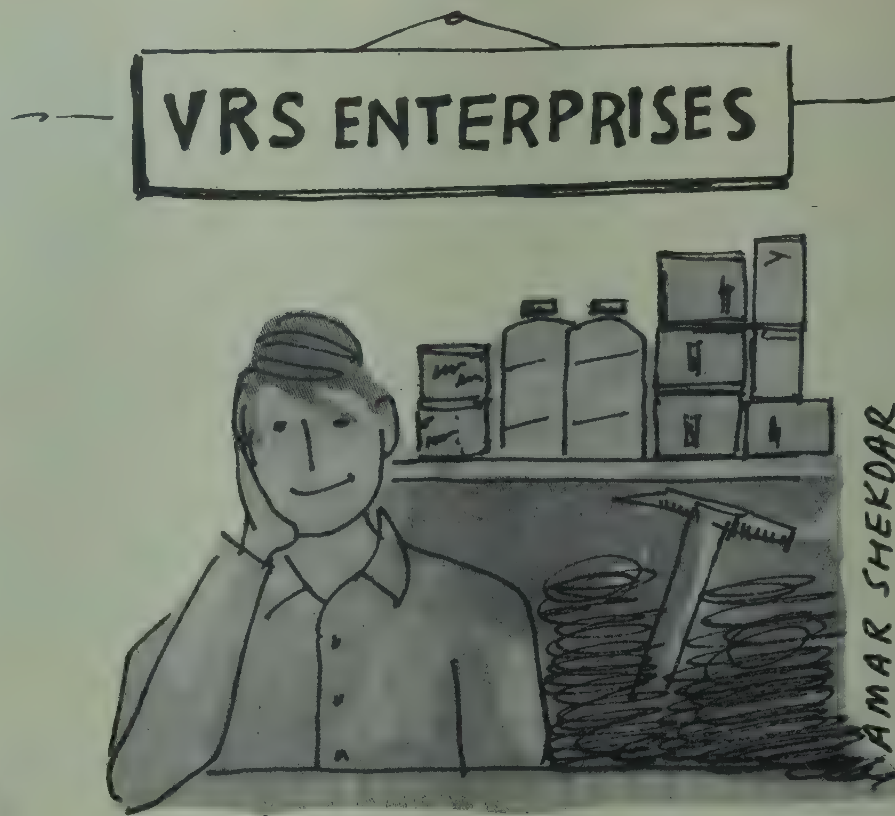


At the Bhandup plant of Asian Paints in Bombay, 114 workers have taken VRS since October 1986, leaving 592 of their colleagues behind. The fiscal package which attracted them consisted of 26 days' wages for every completed year of service plus two months wages for every year of service left (subject to a maximum of 15 months).

The reasons for adopting VRS vary. Asian Paints introduced the VRS when it noticed the productivity at its Bhandup plant falling behind that of its other two plants at Ankleshwar (Gujarat) and Patanacharu (Andhra Pradesh). It hopes to save more than Rs.91 lakh per year as a result of this move.

CIL found it difficult to retain workers with obsolete skills. The company recently shifted from manual loading of coals into wagons to a faster, automatic process. Yet the no-retrenchment policy in the public sector has meant that all the workers employed for loading coal, are still on the payroll. MSL introduced the VRS because it wants to shut down its unviable Reay Road plant in South Bombay by 1990. Of the original 420 workers, only 195 are left. And at Searle, according to Pednekar, "We have discovered that the productivity level and

salaries at our Thane plant are disproportionate and have taken this step to make the unit more profitable."



Convenient method
Most companies adopt VRS as an ad hoc measure to meet the requirement of the moment. While many of them use it to improve their profits, some managements also turn to VRS to get rid of lazy workers or those with vices. It is also a convenient method of inducting fresh blood since some industries like hotel, travel and international banks are known to prefer young people. Employees involved in fraud or misconduct are also encouraged by managements to seek VRS and thus leave the company without any stigma attached.

Most of the personnel managers interviewed reiterated that, just as the term suggests, the retirements at their companies were voluntary. But there are workers from some companies who insist that this is not true of the schemes offered to them. One of them, Pratap Kambli, an accounts clerk at the Bombay headquarters of Associated Cement Companies (ACC), says, "Our management is harassing a large number of personnel to forcibly take up retirement since the VRS has not been very popular. Those who refuse are threatened with transfers."

Kambli claims that when he refused VRS, the company transferred him, along with 10 others, to Chandigarh. He and the others took ACC to court. On 1 June 1989, the Industrial Court of Bombay brought an interim stay order on the transfers. The next hearing is scheduled soon.

The reactions of unions to VRS differs from company to company. Since it is a decision which will affect their future life away from the company, many workers, as in the case of Asian Paints, have been known to bypass their unions and deal directly with the management. On the whole, if the unions feel that the company has a genuine case for introducing VRS, then they generally tend to co-operate. GKW's unit at Andul Road in Calcutta had to close down some of its loss-making sections like the rolling mill and melting shop, rendering some workers surplus. Says a veteran trade union leader, "It would have been wonderful if some of these workers had been absorbed in other sections. But one working in the melting shop, for instance, will not find himself comfortable anywhere else. So the golden handshake was the only way out."

But VRS can become a convenient — and sometimes dangerous — tool in the hands of unscrupulous managements to single out people not to their liking. It can also be used as a calculated way of closing down a complete plant.

Not taken into confidence
There have also been cases where the workers have not been taken into confidence by their unions before accepting VRS. Says a worker from a plant where this occurred, "We suffered because our union colluded with the management." Similarly, workers of the sick 3,500-strong Mafatlal Engineering Industries (MEI), in the Bombay suburb of Kalwe, where 890 workers were retrenched in 1986 at a cost of Rs.8.20 crore to the company, are also unhappy that their union Kamgar Utkarsh Sabha (KUS) did not take them into confidence. The workers took the matter to court and a final verdict is now awaited. Jitendra Joshi, general secretary of the KUS says, "If we had not agreed to the VRS the jobs of the remaining 2,500 workers at Mafatlal Engineering were also in danger."

However, a senior manager at Calcutta's Metal Box feels that it doesn't make any sense to introduce VRS at sick companies. "VRS should ideally be implemented in the best of times for a company, not during its worst times. Only then can there be a smooth transition, without evolving bitterness on both sides."

Pramod Bhawalkar, plant personnel manager, Asian Paints, claims that his company helps out retiring employees, even in their tax planning. For, tax liabilities arise when the workers suddenly get a lump sum in their hands. Most employees invest in National Saving Certificates. Alternatively, they can invest in fixed deposits of reputed companies under the names of their family members. Or, companies pay in instalments so that the taxable amount is less. At MSL, workers are advised to take their compensation in the form of a pension which is non-taxable or they can take part of it as a lump sum and the remaining as pension.

"No replacement"
Even though VRS has become very popular, the personnel manager of an engineering company warns that there are areas which should be carefully scrutinised before any company draws up a VRS: "There should be absolutely no replacement for the retiring staff otherwise the whole meaning of VRS will be lost. There should be arrangements to upgrade skills of existing staff. And finally, the people who remain behind should be compensated to a certain extent."

The golden handshake has brought rich rewards for both, management and labour. And, for once, they are not hurling accusations at one another. If things continue in the same fashion, there is no reason why VRS cannot become an integral part of management-labour relations. ■

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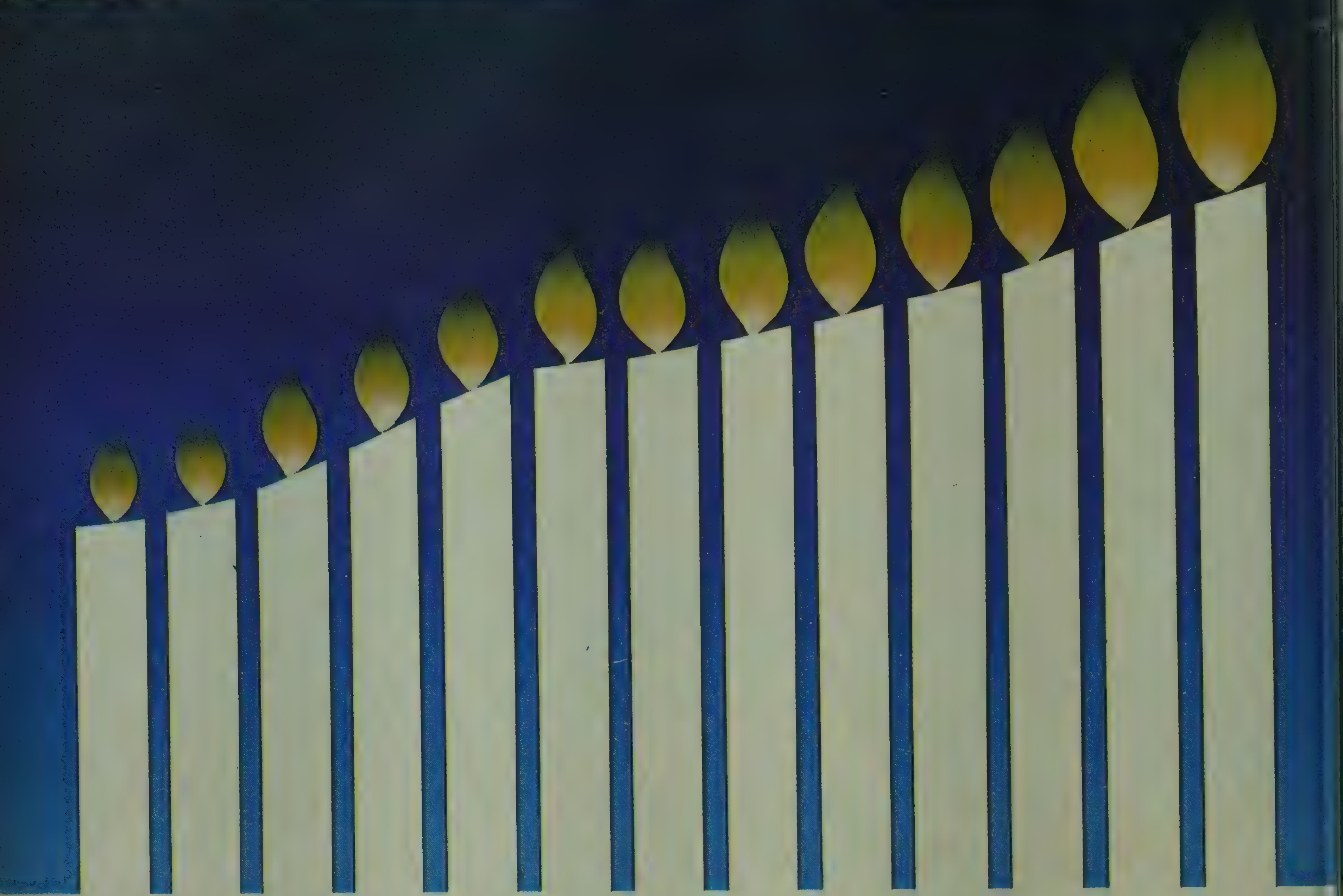

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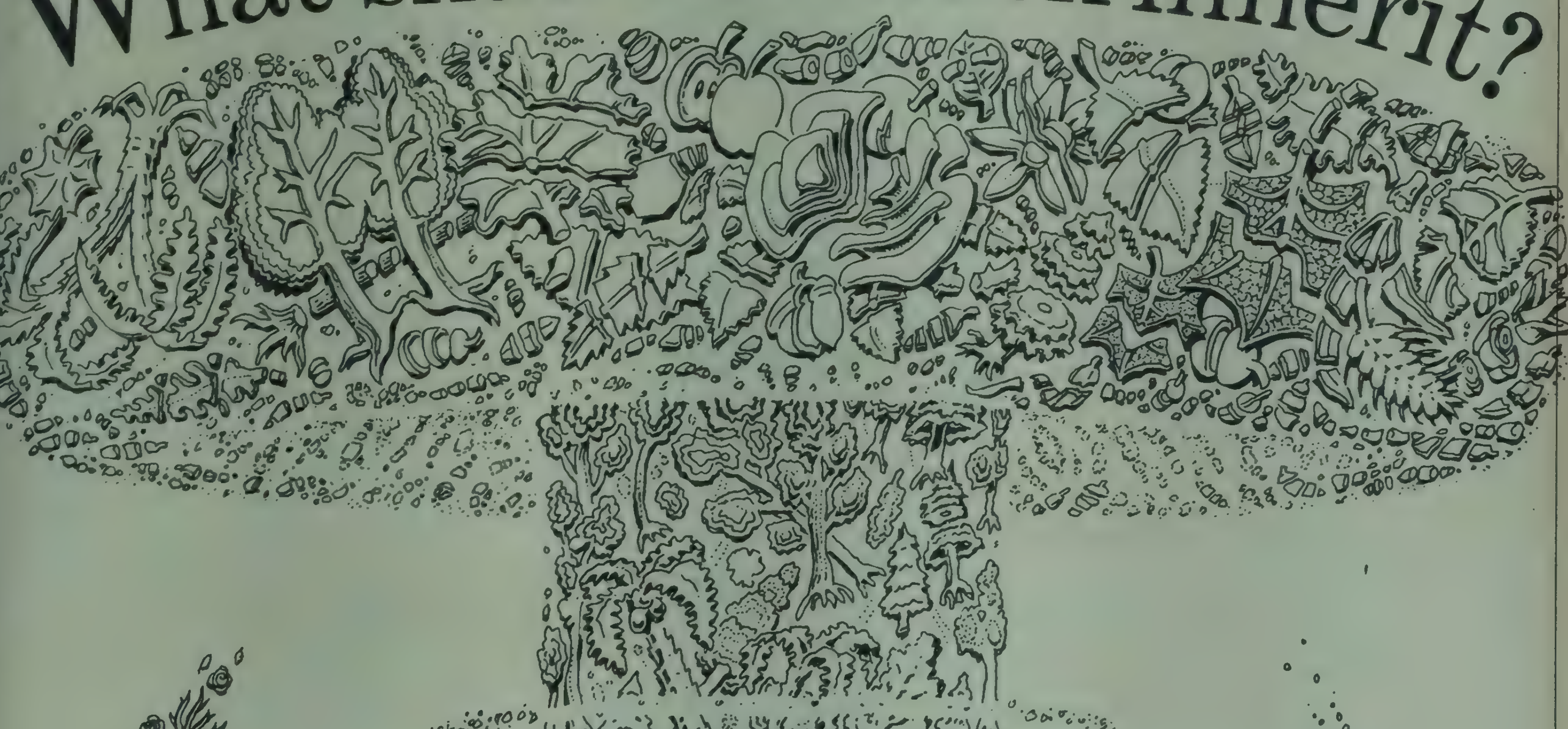
The World Paper

WORLD WAR III

What shall the meek inherit?

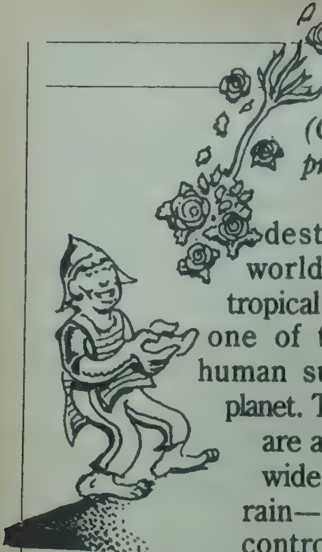


By Edward Goldsmith
in London, England

The Third World War has already been declared. It is being waged against nature, and nature is in retreat.

The natural world is dying. It is dying fast—so fast that if current trends continue it will soon cease to be capable of supporting complex forms of life such as human beings.

(Continued on next page)



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The runaway destruction of the world's remaining tropical forests is only one of the threats to human survival on this planet. Temperate forests are also dying over a wide area from acid rain—caused by uncontrolled industrial pollution. Our agricultural lands are being eroded, salinized, desertified and paved over at the rate of some 20 million hectares per year.

Our oceans, seas, rivers and groundwater resources are being used as a dumping ground for prodigious amounts of sewage, heavy metals and toxic chemicals—absorbing, among other things, much of the more than 10 billion tons of toxic chemicals disposed of every year by US industry alone.

We must immediately organize ourselves to face this emergency. But this means recognizing—however loath we may be to do so—that it is of our own creation, that industrial society by its very nature must necessarily destroy the natural world on which it ultimately depends for its sustenance. For, to survive, industry must continually expand, and economic expansion entails the contraction and degradation of the natural world from which it derives its resources and to which it must inevitably consign its increasingly voluminous and ever more toxic wastes.

We must reconsider the most basic assumptions underlying our modern world-view. The most fundamental is that science, technology and industry can create a paradise on Earth. This assumption implies that the world is a lousy place, unfit for human habitation, and that to make it habitable modern man must systematically transform it to make it conform to his own vastly superior design.

Modern man has, in effect, deified himself. But he is a false God. It is not a paradise that he is creating on earth but a nightmare—a nightmare world to which man is becoming less adapted, and that is becoming incapable of satisfying his social, psychological, spiritual and aesthetic, let alone his ecological, needs. Ours is becoming a world designed for unfeeling robots, not for living people.

If we question this fundamental assumption, we must question economic development itself, to whose achievement all other considerations are ruthlessly subordinated.

Admittedly, this economic development provides us with man-made material and technological benefits: automobiles, airplanes, washing-machines, plastic buckets, tinned pet foods and the like. But it does so at the cost of depriving us of real benefits— those derived from the natural world, from our family and community, from fertile soil, abundant and unpolluted water, and a favorable and stable climate. These are the real resources.

Clearly, if we are to face this terrible emergency, economic considerations must be ruthlessly subordinated to social, ecological and other imperatives. Our overriding priority must be to protect what remains and indeed recreate social and ecological wealth, thereby increasing the capacity of the natural world to sustain us.♦

Edward Goldsmith is the publisher of the British magazine, *The Ecologist*.

Terrorism: it's a burning issue now

Arabs send Israeli parkland up in smoke

THE ENVIRONMENT, which should serve as a common bridge between Israelis and Arabs, has now entered the seemingly endless Middle East conflict.

A new strain of terrorism—ecological terrorism—is on the rise, complicating the search for a solution in the occupied territories. Over 883 hectares of Mount Carmel National Reserve Park, located approximately 20 miles southeast of the port city of Haifa, was set ablaze in mid-September and reduced to smoldering ash. An Islamic Fundamentalist group from Lebanon has claimed responsibility for setting the blaze "in support of the Palestinian's fight for independence." Two Druse and two Arabs from Gaza have also been taken into custody. Though this is not the first incident of ecological terrorism in Israel, it is the most devastating.

Fallow deer: caught in the crossfire.

Known as "Little Switzerland" for its natural forestation and rare and undisturbed wildlife, the reserve is particularly precious to ecologists from around the world. They now have the painful task of burying 16 wild sheep, five roe deer and, sadly, two Mesopotamian fallow deer which were two of only 35 still in existence today. The fire leaves only 140 rare animals living at the Mount Carmel Bar Hai biblical animal sanctuary.

Israeli authorities disclosed that the blaze was set in at least five different places with flammable material on a day of particularly high winds. Following a long dry season, the park was ripe for fire.

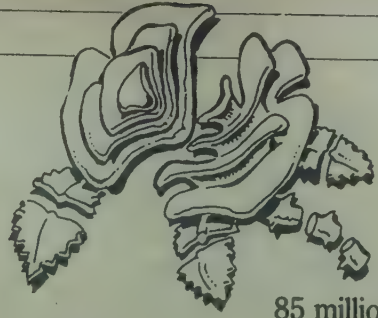
Ironically, in the so-called "fight for the land," the land has been ruthlessly destroyed. Since the beginning of the *intifada*, Palestinians have been caught or claimed responsibility for burning vast acreage of forests and farmers' fields, uprooting young saplings, poisoning well waters, and killing hundreds of wild and domesticated livestock within Israel proper and the occupied territories. "We have the right to destroy what was stolen from us," said one street leader from Ramallah.

Not all Arabs support the action. The national committee of heads of Arab local councils in Israel issued a statement roundly condemning the arson attack.

—By Rachelle Fishman, in Beit Shemesh, Israel.

WORLD WAR III

Battle statistics



Nature in the news: the environment takes top billing in three news magazines.

Annual world population growth	85 million
Combined population of Tokyo, Mexico City, São Paulo, New York and Seoul	85.3 million
Land rendered useless yearly by desertification (in hectares)	6 million
People worldwide who lack clean water	1.5 billion
Water used daily by average US citizen (in liters)	621
% of prescription drugs derived from tropical forest plants	25
% of world's animals and plants in the rain forest	50
Number of people who make livelihood from rain forests	200 million
Number of hectares of Amazonian forest burned in 1987	8 million
The size of Austria measured in hectares	8,352,492
Tons of carbon added to atmosphere in 1988 through fossil fuel combustion	5.5 billion
% of world carbon dioxide that comes from burning Brazil's forests	25
Number of African elephants in 1979; in 1989	1,300,000;600,000
Number of Asian elephants today	30,000-40,000
Normal life span in years of African elephant	60
With present poaching, % of elephants that live past 30	20
Number of countries that have banned ivory imports	20
No. 1 importer of ivory in 1988	Hong Kong
No. 2 importer of ivory in 1988	Japan
Cost of US Stealth Bomber program	$68 billion
Two-thirds of cost for US to meet clean-water goals by year 2000	$68 billion
German military procurement and R&D, annually	$10.7 billion
Estimated cost to clean up West German part of North Sea	$10 billion
Cost of 10 days of EEC military spending	$2 billion
Annual cost to clean up hazardous waste sites in 10 EEC countries by the year 2000	$2 billion
Cost of one nuclear weapon test	$12 million
Cost of installing 80,000 hand pumps, giving Third World villages access to safe water	$12 million

Compiled by Brad Durham, The WorldPaper *assistant editor*

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A catalytic kick

EC gets environmental nudge from Netherlands

BY RONALD VAN DE KROL
in Amsterdam, the Netherlands

ON CHRISTMAS DAY 1988, Queen Beatrix of the Netherlands, a normally cheerful constitutional monarch, delivered these morbid words in her Yuletide radio broadcast: "The earth is slowly dying. We human beings have become a threat to our planet. The future of creation itself is now endangered."

Environmental consciousness is coming to the Netherlands without a moment to spare. A small, densely populated country—358 people per square kilometer—the Netherlands has the dubious reputation of having one of the world's worst pollution problems.

The Netherlands borders the North Sea, reputedly the most polluted in the world. It also serves as the mouth of the filthy Rhine River after it has meandered its way through the industrial heartlands of Switzerland and West Germany, gathering toxins along the way. The Dutch add to the toxic soup through the intensive use of artificial fertilizers and pesticides by farmers, and through pollution from booming industry.

The environment as a political issue, as all the major political parties in the Netherlands are discovering, is a force to be reckoned with. It was a squabble over how to finance an ambitious and expensive National Environmental Plan, which boldly aims at cleaning up 90 percent of the prodigious pollution in the Netherlands by 2010, that brought down the Christian Democrat-Liberal coalition government of Ruud Lubbers, the first time a European government has fallen because of a rift over an environmental issue.

The cost of the plan will be considerable. It could cost, annually, 3.5 percent of Dutch GNP. By the end of 1994, annual spending on the environment is expected to double to US$7.5 billion, paid for mainly by industry, consumers and farmers. All told, the average Dutch household can expect to pay an extra $180 a year towards pollution-cutting measures by the mid-1990s.

In the September elections, almost every party pledged to spend more on pollution control than the environmental plan proposed. The Christian Democrat-Liberal coalition barely managed to maintain its governing majority, winning 76 seats out of a 150-seat parliament. Its major challenge was from the Labour Party, led by Wim Kok. Kok has promised to spend $1.3 billion more for environmental cleanup than the plan calls for, to be funded by halving the huge income tax cuts scheduled to take effect next year.

The coalition government's dissolution was just one indicator that the environment now dominates the Dutch political agenda. Another was a stubborn Dutch campaign in March to get the European Community to end years of foot-dragging and bickering over the divisive issue of imposing strict, US-style standards for car exhaust emissions.

Like Queen Beatrix, the Netherlands usually seeks consensus and avoids confrontation. But this time, it defied the EC and introduced tax breaks to stimulate the sale of automobiles with pollution-cutting catalytic converters. This stung the Community, particularly France and Italy, whose national car industries have lagged behind in the adoption of catalytic converters and stood to lose out on the Dutch market.

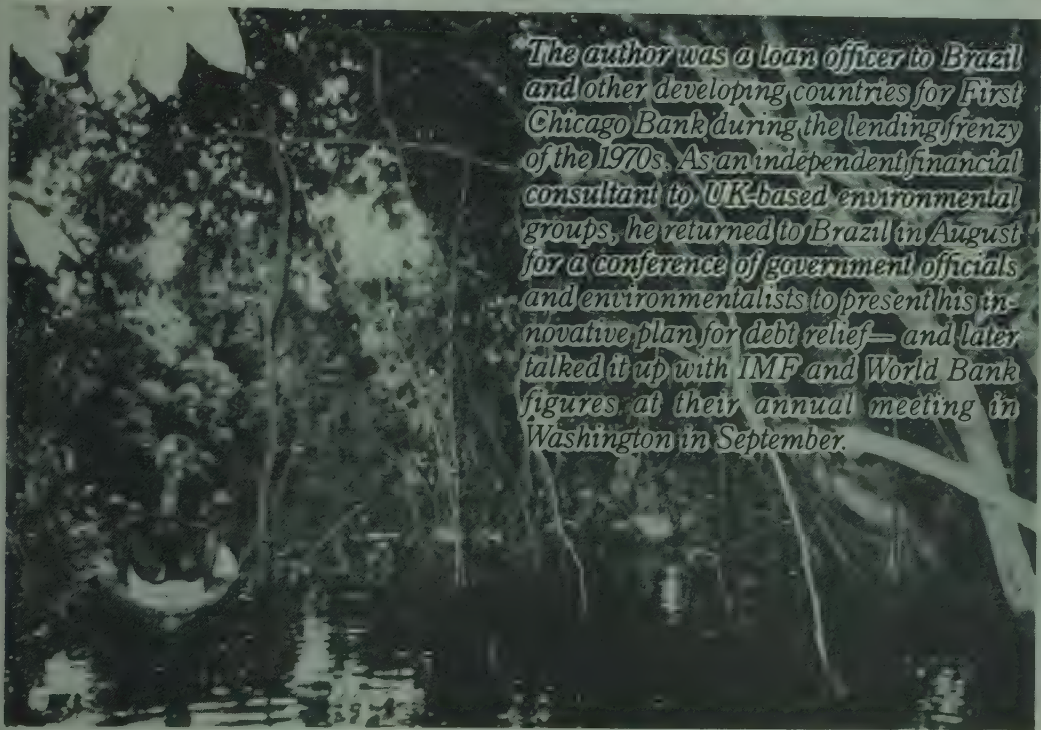
The EC has announced that it will adopt US exhaust standards in the early 1990s, assuring not only a Dutch victory but the advent of a new era of environmental politics in Europe.♦

Ronald van de Krol reports on European economic developments from Amsterdam.

WORLD WAR III

A two-pronged plan against debt and destruction

Can North meet South to protect the environment?



AP/WIDE WORLD

Amazon: it's a jungle out there—but for how long?

BY KARL ZIEGLER
in São Paulo, Brazil

NEARLY HALF of Brazil's staggering external debt burden of US$115 billion could be shed within a month if only the government would come forth with a verifiable "menu" of options for sparing the beleagured Amazon.

If countries like Brazil would make environmental preservation a priority in their policies, a reformed World Bank and the governments of Northern countries could buy into Third World debt, simultaneously protecting the global environment and resolving the prickly debt crisis.

First, summaries of environmental projects should be prepared and submitted to the government by environmentalists in Brazil, especially Amazonia, where nearly 8 million hectares of rain forest a year is being destroyed.

Based on the proposed projects, Brazil's government would supply to heads-of-state of Northern countries a "menu" of the types of policies Brazil would adopt if debt were bought from debtor commercial banks by a consortium of lending governments and the World Bank.

Brazil's debt could be bought at a 67 percent discount, given the going secondary market rate for Brazilian debt. The consortium could buy $50 billion worth of Brazilian debt for $17 billion and would put the principal "on ice"—keeping it on the books—to prevent Brazil from reneging. Brazil would only be responsible for meeting its servicing costs of $5 billion, which it would spend on the local environmental programs.

For example, Brazilian President Sarney could go to British Prime Minister Margaret Thatcher and say, "We are bankrupt, but we agree it's in our best interest and the world's to keep the Amazon in place. We will deliver, say, 500 million acres of forest intact, and we will spend whatever it costs in local currency to create jobs for that purpose."

Local jobs and new industries could be created in partnership with chemical and pharmaceutical multinationals, companies with a vested interest in the rain forest considering over one-quarter of the pharmaceuticals sold in the world are dependent on plants found exclusively in tropical forests.

The creation of new employment and investment opportunities related to the environmental projects would attract local and foreign investment, including some of the capital which flew the coop for Swiss banks and elsewhere to escape rampant Brazilian inflation. It is estimated that Brazil's flight capital amounts to over half of its external debt.

Timetables for progress reports of the project would be agreed upon by Brazil and a neutral monitoring agency, such as the United Nations Environment Program. This would ensure the country's compliance with its project list. Should default occur, debt would be re-imposed. If performance is timely, the debt principal would be written off.

This plan will require, clearly, substantive policy changes from such countries as the UK and the US, who traditionally leave the debt problem to market forces, i.e. commercial banks, to resolve.

The plan is consistent with the spirit of the G7 meeting in Paris of the world's top industrial countries. It underscores the commitment of the industrial North to subsidize the policies of struggling developing economies that put environmental and democratic programs at the top of their national budgets.

The cost effectiveness of these "debt buy-ins" would far outweigh the marginal taxation needed to subsidize these programs. Much of the cost should be shouldered by the World Bank, which has proven that volume lending impoverishes borrowing countries further.

The North must also extend its environmental zeal to using taxes for foreign initiatives.

One clear initiative for the North would be to review its agricultural price supports, which lock out food imports from developing countries. An estimated $100 billion of taxpayers' funds are expended yearly to subsidize farmers who produce the same crops that could be produced by millions of Third World peasant farmers.

Instead, potential wheat and vegetable growers, desperate for survival, end up growing marijuana, coca plants and poppies—the ultimate retribution against self-serving Northern agricultural policies.♦

Karl Ziegler is a London-based financial consultant.

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Dividend maintained on increased capital; margins stagnant; major modernisation and diversification plans

The booming leather exports assured a ready market for its leather chemicals division — the single largest contributor to the company's turnover. But the spiralling cost of the major inputs coupled with capacity constraints, did not leave the company in a favourable position. Thereupon, the company has started upgrading its plant technically and remove the existing bottlenecks to achieve higher productivity. The company has also introduced improved quality products.

The expandable polystyrene (styropor) faced heavy competition from cheaper imports (now under OGL) and another new competitor within the country, with an inhouse styrene manufacturing capacity. This is where it hurt the most as the price of this vital input rose by as much as 32 per cent bringing margins under tremendous pressure.

The company has received a LOI for manufacturing 56,000 tpa of polystyrene at its new site at Karnataka. Plans are ahead to increase this capacity. Its agro chemicals division also maintained its share in the company's profitability with the receipt of a licence to enhance its capacity from 135 to 201 tpa. The manufacture of complex dyes, which the Soviets have already booked in sizeable quantities, has added significantly to growth and profitability. The company is implementing a 2,500 tpa industrial licence for an oil field chemical.

All these will, in effect, help increase the product base and develop more profitable divisions to expand the company's turnover and profitability. It is notable that the foreign exchange earnings rose to nearly Rs.4 crore (Rs.1.90 crore) from royalty, technical knowhow and consultancy fees. This speaks well of the company's technical abilities, developed over the years.

BASF *(Rs crore)*

Year ending	31 Mar 89*	31 Dec 87	% change**
Sales	78.49	52.76	19
Other income	0.95	0.41	
Raw materials cost	42.87	24.99	37
POF	2.21	1.55	14
Other expenses	22.68	16.67	9
Interest	3.59	2.95	− 2
Gross profit	10.29	6.20	33
Depreciation	2.76	2.00	10
Tax	3.90	2.20	42
Net profit	3.63	2.00	45
Cash profit	6.39	4.00	60
Equity capital	4.26	2.84	
Reserves and surplus	12.29	11.14	
Dividend (%)	25.00	20.00	
Market price (Rs.)			
Current	140.00		
1989: High	151.00		
Low	102.00		

** 15 months ** annualised basis*

Jindal Strips

Higher profits but margins under pressure; liberal distribution to shareholders; convertible debentures on rights-cum-public issue proposed; setting up a plant with indigenous technology to manufacture sponge iron

Jindal Strips, which is engaged in the manufacture of hot rolled (HR) strips and cold rolled (CR) strips and sheets, has reported higher profits during the nine months period ended 31 March 1989. The increase was despite sharp escalation in raw material costs. This improvement was due to higher sales and a better product mix.

Jindal Strips *(Rs crore)*

Period ending	31 Mar 89*	30 Jun 88	% change**
Net sales	135.81	99.13	82.7
Other income	3.47	3.73	24.0
Excise duty	1.06	1.41	—
Raw materials consumed	104.79	60.64	130.4
Employees' cost	1.37	1.67	9.4
Other expenses	28.63	26.56	43.7
Interest	5.69	4.38	73.2
Depreciation	2.22	2.36	25.4
Tax	1.08	0.92	56.5
Net profit	5.77	4.87	58.0
Equity capital	3.30	3.30	
Reserve and surplus	19.77	14.74	
Borrowings	38.75	26.41	
Gross block	40.41	29.75	
Dividend (%)	25	25	
Market price (Rs)			
Current	240.00		
1989 : High	285.00		
Low	112.00		

** 9 months ** annualised basis*

Net sales, on an annualised basis was up by 83 per cent and other income by 24 per cent owing to higher credit offered for material needed for captive generation. But the increase in profits was disproportionate to sales as margins were under pressure. The operating profits increased by 42 per cent, gross profit by 48 per cent and net profit by 58 per cent. Raw materials cost as a percentage of net sales shot up from 61 to 77 per cent, imported raw materials accounted for 44 per cent of the total raw material costs.

During the period, the market for CR strips and sheets turned buoyant. Its sales volume more than doubled to 49,907 tonnes (29,773 tonnes). Sales realisation per tonne also improved by 8 per cent. However, sales volume of HR strips was down by 36 per cent but this was compensated by a hefty increase in sales realisation per tonne by 58 per cent. During the period, a new range of stainless strips and flats (with lower nickel content) were introduced. At its Vasind division, which manufactures CR strips, the company introduced certain products for use by the automobile industry which are import substitutes.

The cost of major inputs escalated sharply during the period. The cost per tonne of nickel, HR coils and CR coils went up by 137, 19 and 13 per cent respectively. During the period, raw materials stock was higher by about Rs.10 crore. This resulted in higher working capital requirements, which ultimately pushed up interest costs by 73 per cent. During the period, sundry creditors were substantially higher at Rs.33.55 crore (Rs.8.76 crore). Similarly, letters of credits (opened for import of capital goods and on raw materials) and outstandings were substantially higher at Rs.47.36 crore (Rs.18.11 crore).

The company has maintained the dividend at 25 per cent which shows an annual increase of 33 per cent. In addition to this, it has announced a liberal bonus in the ratio of 1:1. The company is raising its authorised capital to Rs.15 crore (Rs.4 crore). To meet long term fund requirements and to finance expansion-cum-diversification plans, the company is issuing convertible debentures on a rights-cum-public issue aggregating Rs.30 crore.

The company has the permission t raise the capacity of HR strips to 100,00 tonnes (40,000 tonnes) and that of ste ingots from 1.25 lakh tonnes (50,00 tonnes). An indigenous technology deve oped by the company is being comme

cialised and a plant to manufacture 100,000 tpa of sponge iron and a pig iron project with a similar capacity, are being set up.

Herdillia Chemicals

Higher profits due to reduced tax liability; encouraging market for phenol; bonus still illusive; three new companies promoted to implement expansion plans

Herdillia, a G.P. Goenka group company, is engaged in the manufacture of basic chemicals, industrial solvents and various plasticisers. For the nine-month period ended March 1989, the company has fared exceedingly well. This is due to the reduced tax liability and an encouraging market for phenol. The dividend on an annualised basis is higher by 3 points to 28 per cent against 25 per cent in the previous year (this included a 4 per cent silver jubilee dividend). Despite the higher EPS of Rs.11.3 (annualised) against Rs.7.1 in the previous year, and book value (excluding revaluation reserve) of Rs.42 (Rs.38), the last bonus is still illusive. The last bonus was in 1978 in the ratio of 1:2.

Sales, during the period under review was up by 9 per cent, but the margins have improved considerably. Due to a lower ratio of tax to pre-tax profit at 25 per cent (41 per cent), tax liability declined by 28 per cent. Production of phenol also declined by 12 per cent, due to shortage of raw materials like propylene and benzene. However, due to a higher sales volume of speciality chemicals and improved sales realisation in case of phenol, the profits were higher.

Herdillia			(Rs crore)
Period ending	31 Mar 89*	30 Jun 88	% change**
Sales	65.08	79.37	9
Other income	1.47	1.90	3
Raw materials consumed	34.94	43.13	8
Employees' cost	4.64	6.09	1
Other expenses	20.69	25.99	6
Interest	2.37	2.49	27
Depreciation	1.48	1.86	6
Tax	2.10	3.90	−28
Net profit	6.24	5.61	48
Equity capital	7.35	7.35	
Reserves & surplus (Excl. revaluation)	23.25	20.45	
Borrowings	18.35	14.20	
Gross block (incl. capital w/p)	67.35	63.59	
Investments	12.03	5.87	
Dividend (%)	21	25	
Market price (Rs)			
Current	95.00		
1989: High	112.00		
Low	66.00		

* nine months ** annualised basis

During the period, the company invested more than Rs.3 crore in installing a boiler and improving energy utilisation by replacing the low efficiency compressor with an imported one. Power and fuel costs account for about 10 per cent of the total revenue. Modernisation of the diacetone alcohol plant, improved its capacity from 2,400 tpa to 3,000 tpa. Two new products, also launched during the period had an encouraging market response. The production of phthalic anhydride improved by 28 per cent with the installation of a bagging machine.

Despite escalation in raw material costs, net margins improved considerably to 9.4 per cent (6.9 per cent) and operating margins to 18.4 per cent (17.1 per cent). Gross margins, due to higher interest costs, could improve only marginally to 14.8 per cent (14.0 per cent). During the period, the company also invested Rs.3.50 crore in UTI's units. However, investments of Rs.4.30 crore were withdrawn from the inter-corporate market. An amount of Rs.1.0 crore was also invested in 9 per cent tax-free public sector bonds and Rs.1.60 crore in Herdillia Oxides Ltd.

The company is promoting a joint venture (with MPCL) to manufacture 5,000 tpa to polybutenes. Another company, Herdillia Unimers Limited, is being promoted to manufacture 10,000 tpa of ethylene propylene rubbers. The shares of these companies will be allotted on preferential basis to existing shareholders. The prospects for the company are bright. This makes investment in the scrip attractive despite its conservative bonus policy.

Gammon India

Suffers setback; net profit however doubled due to lower depreciation charges; hostile takeover bid sends the scrip through the roof; slow recovery from debtors

Gammon, target of a recent hostile takeover bid, suffered a setback in its working for the eight-month period ended 31 March 1989. The total revenue declined by 3 per cent. The fall in operating profit and gross profit was proportionately more by 32 per cent and 43 per cent respectively. However, net profit more than doubled due to substantially lower depreciation charges.

Depreciation, on an annualised basis, was lower by 60 per cent as this was charged under the written down value method at rates specified in schedule XIV of the Companies Act instead of at the rates provided for in the Income Tax Act, which resulted in the charges being lower by Rs.1.08 crore. Due to a change in the accounting year, there was no dividend on UTI units during the period (previous year Rs.26 lakh). Interest earned on bank deposits and on inter-corporate deposits was also lower at Rs.94 lakh (Rs.2.58 crore), a fall of 45 per cent on an annualised basis.

Due to competitive market conditions, margins of construction companies like Gammon and Cemindia continued to be under pressure. Operating margins declined to 5.3 per cent (7.5 per cent) and gross margins to 3.3 per cent (5.5 per cent). However, due to lower depreciation, net margins improved to 1.2 per cent (0.5 per cent). The cash EPS (ratio of profit before depreciation to equity capital) on an annualised basis declined to Rs.16.1 (Rs.28.1). The EPS after tax however improved to Rs.5.9 (Rs.2.7), however dividend on annualised basis works out

Gammon India			(Rs crore)
Period ending	31 Mar 89*	31 Jul 89	% change**
Receipts from construction activities	47.70	81.12	−12
Other income	2.27	4.76	− 28
Work in progress	67.03	103.22	− 3
Expenditure on contracts	63.40	94.34	
Employees' cost	15.60	25.25	− 7
Interest	1.42	2.19	− 3
Depreciation	1.48	5.49	−60
Tax	0.20	0.20	50
Net profit	0.84	0.59	113
Equity capital	2.16	2.16	
Reserves & surplus	13.57	12.46	
Borrowings	9.75	9.17	
Gross block	49.70	49.78	
Dividend (%)	15	18	
Market price (Rs)			
Current	95.00		
1989: High	340.00		
Low	80.00		

* eight months ** annualised basis

higher at 22.5 per cent (18 per cent).

The company closed down its fur-chem division (which was producing sulphuric acid, super-phosphate and alumina ferrice) due to continued losses. Establishment expenses were up by 11.6 per cent to Rs.3.11 crore. However, it spent less on research and development expenses. Expenditure on contracts as a percentage of contract receipts was higher at 94.7 per cent (93.8 per cent).

During the period, it sold 500,000 UTI units and made a small profit of Rs.3 lakh. Additions to plant and machinery during the period were lower at Rs.0.52 crore (Rs.5.03 crore). Sundry debtors during the period were higher by Rs.5.74 crore due to slower recovery. The company had to borrow more from Exim bank against deferred debtors. Dues from subsidiary companies were higher at Rs.6.17 crore (Rs.4.52 crore).

The easing of the gulf war and re-commencement of construction activities of the war devastated buildings, reopened job prospects in the gulf and other middle east countries. The order book position at the year end stood at Rs.179.54 crore (Rs.135.36 crore).

Excel Industries

Sevenfold increase in net profit (annualised); exports doubled ; liberal distribution; prospects encouraging

Following excellent working during the 18-month period ended 31 March 1989, Excel has come out of the stagnancy period. In the previous four years, its gross revenue was stagnant at around Rs.45 crore and net profit at between Rs.50 to Rs.130 lakh. During the period under review, net sales on an annual basis shot up by 54 per cent and net profit rose by about seven times. This improvement was the result of a good monsoon, an encouraging export market, higher capacity utilisation and better sales realisation.

Of Excel's total sales, pesticides and phosphorous contribute 64 and 27 per cent. The balance sales is constituted by oxalic acid and other chemicals. Another good monsoon, and the sales volume of pesticides was higher by about 50 per cent on an annual basis and sales realisation per tonne by 9 per cent. For phosphorous, sales volume was up by 26 per cent and sales realisation per tonne up by 16 per cent. Policy liberalisations and export incentives resulted in doubling of exports during the period (annualised) to Rs.18.70 crore (1986-87, Rs.6.02 crore).

Higher exports has resulted in a tenfold increase in export incentives at Rs.3.75 crore. Further, the company enjoyed the benefit of importing duty-free raw materials amounting to Rs.1.88 crore (Rs.0.85 crore) under the import-export policy. The receipts for outside manufacturing charges was substantially higher at Rs.2.37 crore (Rs.0.03 crore).

Profitability margins have improved considerably despite escalation in raw material costs, higher excise, depreciation and tax liability. Operating margins as a percentage of gross revenue improved to 14.9 per cent (12.1 per cent); gross margins to 10.8 per cent (5.2 per cent) and net margins to 6.4 per cent (1,3 per cent). Despite good activity, interest costs were cut down by 4.3 per cent. This was made possible by reducing the number of days sales remaining outstanding, to 24 days (76 days).

The company has raised the dividend to 50 per cent (1986-87 10 per cent) which on an annual basis works out to 33.3 per cent. The investment in 206,000 equity shares of Punjab Chemicals (cost Rs.22 lakh) has substantially appreciated in market value from Rs.45 lakh as on 30 September 1987 to Rs.9.49 crore as on 31 March 1989. In the case of Excel, the scrip has appreciated by more than sixfold during the period from Rs.21 to Rs.163. During the period, the company has added Rs.8 crore to its gross block to undertake various expansion/diversification plans. This was mainly financed from internal accruals of Rs.7.65 crore (Rs.1.76 crore).

The company is promoting a joint sector project in U.P. to manufacture 2,500 tpa per annum of elemental phosphorous and its derivatives. As a step towards backward integration, it has set up a 600 tonnes per annum butane oil plant, a key raw material which accounts for 11 per cent of the total raw materials cost. The company is on sound footing with bright prospects and an extremely encouraging local and overseas market.

Excel Industries *(Rs cr)*

Period ending	31 Mar 89*	30 Sept 87	% change**
Net sales	101.43	44.04	53
Export incentives	3.75	0.33	658
Other income	4.44	1.24	139
Excise duty	1.76	0.34	245
Raw materials consumed	48.42	19.30	67
Employees' cost	12.31	6.07	35
Other expenses	33.10	14.12	56
Interest	4.58	3.19	4
Depreciation	2.78	1.61	15
Tax	2.10	0.18	678
Net profit	7.17	0.61	684
Equity capital	4.62	4.62	
Reserves & surplus	10.53	6.56	
Borrowings	18.00	16.66	
Gross block	31.78	24.86	
Dividend (%)	50.00	10.00	
Market price (Rs)			
Current:	134.00		
1989: High	172.00		
Low	116.00		

* 18 months ** annualised basis

TRENDS

Tata Metals & Strips

Transfer of the loss making textile division by the erstwhile Ahmedabad Textile Mills has changed the fortunes of Tata Metals & Strips pulling it out of the red. The current period of the first six months includes sales of only the metals division. Hence even while sales are down, profits are higher, largely because costs have come down sharply. This has helped achieve an operating margin of 11.82 per cent (4.78 per cent). Even the interest burden and depreciation provision have fallen, resulting in a net profit of Rs.1.08 crore (Rs.0.48 crore loss). The company has wiped out the previous year's loss and the gross profit has gone up by nearly three times which is more than the entire profit earned in the previous nine-month period ended 31 March 1989.

Raw materials cost as a percentage to

Tata Metal & Strips *(Rs crore)*

Period ending	May-Sept 1989	Jul-Dec 1988	Jul 88-Mar 89
Total income	21.83	35.57	45.99
Raw materials cost	9.58	15.27	21.80
Salary & wages	1.37	4.66	5.35
Other expenses	8.30	13.48	15.91
Operating profit	2.58	1.66	2.93
Interest	0.72	0.99	1.35
Gross profit	1.86	0.67	1.58
Depreciation	0.78	1.15	1.54
Tax	—	—	0.26
Net profit	10.8	−0.48	−0.22
OP/sales (%)	11.82	4.73	6.37
R.M./sales (%)	43.88	43.54	47.40
Equity			

net sales has remained constant at 44 per cent. The employees cost has reduced substantially possibly due to shedding of the overmanned operations. This has been an important reason for the turnaround. Other operating costs remained constant at around 38 per cent.

The figures are not strictly comparable due to change in the months of the 6-month period. The average annual earnings on the Rs.100 paid up share calculated on the basis of this period's performance works out to an impressive Rs.62 per share.

Immediately after the announcement of the six-monthly results, the share price has shot up by more than Rs.130 to reach Rs.780. However due to the low capital base, transactions are few and far between. The current price discounts the earnings by nearly 13 times.

Klockner Windsor

The company has come out with encouraging results for the first half ended September 89. Sales have increased by 40 per cent over the corresponding period last year. But expenses too have kept pace with this increase in sales. Raw materials costs have increased by 52 per cent. As a percentage of net sales this has risen to 73.04 per cent (67.23 per cent). The operating profits have increased to Rs.4.94 crore (Rs.3.28 crore) thanks largely to the increase in other income to Rs.3.08 crore as against Rs.1.16 crore in the corresponding period last year and Rs.3.11 crore for the 15-months period ending March 89.

The interest burden has risen to Rs.0.95 crore (Rs.0.51 crore). After providing Rs.1.10 crore (Rs.0.76 crore) for depreciation and Rs.0.87 crore (Rs.0.84 crore) for taxation, the net profit works out at Rs.2.02 crore (Rs.1.17 crore).

The current year seems to be promising as exports are expected to be around Rs.30 crore as against Rs.10 crore for the period ended March 1989. The company received subsidy amounting to Rs.2.48 crore on export of Rs.10 crore in March '89. So the non-taxable earnings are expected to rise. However the shoe making machines which the company has started manufacturing has come under OGL.

Klockner Windsor			*(Rs crore)*
Period ending	**Apr-Sept 1989**	**Apr-Sept 1988**	**Jan-Mar 1989**
Sales	29.04	20.81	57.04
Other income	3.08	1.16	3.11
Total income	32.12	21.97	60.15
Raw materials cost	21.21	13.99	37.06
Salary & wages	2.73	2.32	5.81
Other expenses	3.24	2.38	7.02
Operating profit	4.94	3.28	10.26
Interest	0.95	0.51	1.62
Gross profit	3.99	2.77	8.64
Depreciation	1.10	0.76	1.65
Tax	0.87	0.84	1.68
Net profit	2.02	1.17	5.31
OP/sales (%)	17.01	15.76	17.99
R.M./sales (%)	73.04	67.23	64.97

Telco

Strained relations at its Pune plant coupled with the erratic power supply at its Jamshedpur plant has affected Telco's growth. During the first half of the year, the total number of vehicles produced aggregated to 24,426 as against 24,542 produced in the previous corresponding period and 61,258 produced in the previous year.

However a healthy demand both in the domestic as well as the global markets has enabled the company to sell a marginally higher number of 24,283 vehicles against 23,417 in the corresponding six-month period.

Consequently sales have recorded a rise of 16 per cent, and crossed the Rs.700 crore mark. Gross profit has however gone up by only 10 per cent as the company had to absorb a part of the escalating materials cost and the rising wage bill. At the net level the profit showed a rise of 46 per cent. This is however less than one-seventh of the total profit earned in the full year in 1988-89.

With a gradual improvement in the labour situation at Pune and increasing number of workers reporting for work, production which had come to a virtual standstill last month has crossed 70 per cent of the level achieved in the comparable period in the previous year. The company is also planning to augment its power generating capacity already installed at Jamshedpur.

However, despite the optimistic outlook envisaged for the latter half of the year, it seems unlikely that Telco will be in a position to improve or even maintain the previous year's profits.

Telco			*(Rs crore)*
Period ending	**Apr-Sept 1989**	**Apr-Sept 1989**	**Apr 88-Mar 89**
Sales	700.06	603.54	1638.51
Other income	17.00	16.02	37.91
Raw materials cost	367.00	342.03	842.48
Salary & wages	100.56	86.05	199.77
Interest	34.65	31.65	59.07
Gross profit	23.67	28.68	128.28
Depreciation	1.75	1.20	43.15
Tax	9.05	6.20	70.13
GP/sales (%)	4.9	4.8	7.8
RM/sales (%)	52	57	51

RESULTS ANNOUNCED

J.K. Industries

J.K. Industries has posted excellent results for the year ended 30 June 1989. This has prompted a 5 point higher dividend at 25 per cent.

The company's turnover at Rs.228 crore was 27 per cent higher than the previous year. But the margins at both gross and net level has fallen due to acute shortages of major raw materials like natural rubber, nylon tyre cord, carbon black and polybutadine, which had to be imported. The import duty on nylon tyre cord, was as high as 179 per cent. This led to the escalation of manufacturing cost which in turn affected margins. However the gross profit was up at Rs.34.60 crore (Rs.31.60 crore).

The company has more than doubled the exports at Rs.14.89 crore; this has reduced the tax liability and increased the net profit at Rs.17.74 crore (Rs.15.28 crore). The company will be setting up a new tyre plant near Gwalior at a cost of Rs.350 crore, the planned investment being Rs. 430 crore. The first phase involving a cost outlay of Rs.125 crore is expected to be completed by March 1991.

The company is also promoting a joint venture Penicillin-G project in Tamil Nadu

IN BRIEF

NCL Industries has acquired technical knowhow and equipment from Bison Werke, West Germany to implement its plans to diversify into the manufacture of cement bonded wood particle board called Bison Board. This will be introduced in India for the first time. The company proposes to tap the capital market to finance this Rs.28 crore project.

Yokogawa Keonics

The promoters of this Indo-Japanese joint venture together with their associates and collaborators will hold 80 per cent of the equity capital of Yokogawa Keonics Ltd (YKL). That leaves a meagre 20 per cent with the public.

The YKL plant is manufacturing microprocessor based systems and instruments which are designed to improve quality, reduce material wastage, and optimise energy in order to achieve a lower cost of production.

The company has already supplied distributed control systems used in the core sector, like power, fertilisers, steel, petrochemicals, and other industries. Initially, a considerable amount of the electronic hardware that has been supplied was imported, but the company will gradually increase the local value-added content and reduce imports, according to the government approved phased manufacturing programme. YKL's project also includes development of software for domestic and export markets, besides providing specialised training and service facilities on systems and instruments.

According to K.N. Balasubramanian, general manager (sales), "YKL has already executed orders worth Rs.13.28 crore, with orders worth another Rs.25 crore in hand."

In view of the draft drawn up for the Seventh Five Year Plan, the market potential for the company's products appears very encouraging.

Yokogawa Keonics	
Issue opens	: 20 November 1989
Size of issue	: Rs.2.56 crore
To Indian public	: Rs.0.70 crore
Instrument	: Equity shares of Rs.10 each, of which Rs.5 payable on application, balance due on allotment
Promoters	: Karnataka State Electronics Development Corporation (Keonics), Yokogawa Electric Corporation, Japan, Blue Star and Ashok Sunil & Co.
Technical collaboration	: Yokogawa Electric Corporation, Japan
Project	: To manufacture distributed control systems (centum), single loop process control, rack and panel mounted instruments (YS-80 series)
Cost of project	: Rs.9.95 crore
Plant location	: Pantrapalya, Bangalore
Listing	: Bangalore, Bombay

VBC Ferro Alloys

VBC Ferro Alloys Limited, is a dividend-paying company, that manufactures ferro silicon. The company has an annual licensed capacity of 10,000 tonnes. According to estimates made by the Indian Ferro Alloy Prochiars Association, the demand for ferro silicon is expected to grow by 15 per cent a year, what with the liberal government policy for setting up mini steel plants.

A part of the VBC group, the company is engaged in the bottling, packaging, engineering, finance and leasing businesses. It plans to increase its capacity to 15,000 tonnes a year. As part of its diversification programme, VBC Ferro Alloys will set up India's first low phosphorous pig iron plant in the private sector. The 16,000 tpa plant is to be built at a cost of Rs.15 crore.

Says N. Tata Rao, chairman of the company, "The expansion plans of major steel units like the Bokaro Steel Plant and Tisco and the creation of additional capacities by Essar Steel, Sunflag Steel and Pratap Steels will give a further boost to our industry."

The company earned a net profit of Rs.1.42 crore in the first six months of the current financial year. This compares favourably with a net profit of Rs.0.8 crore for the 15-month period ended 31 March 1989. Sales during this period amounted to Rs.15 crore. The company has paid dividends of 20, 20 and 25 per cent for the last 3 years.

VBC Ferro Alloys	
Issue opens	: 16 November, 1989
Size of issue	: Rs.8.01 crore
To Indian public	: Rs.2.50 crore
Instrument	: 14 per cent secured partly convertible debentures of Rs.350 each
Object of the issue	: To finance diversification plans
Cost of diversification	: Rs.14.78 crore
Plant location	: Rudaram village, Andhra Pradesh
Listing	: Bombay, Calcutta, Madras and Hyderabad

Godavari Ceramics

Godavari Ceramics is being co-promoted by APIDC to the extent of 11 per cent of equity participation.

According to the company's chairman, M.P. Murti, "The sanitaryware industry has expanded and its growth is associated with the growth of the housing and construction activities. The estimated demand is expected to go up to 1.44 lakh tonnes by 1990."

Technology for the project will be supplied by Heimsoth Keramische Ofew GmbH, West Germany, and is based on the ceramic-fibre-lined tunnel kiln method using LPG and natural gas. This technology will be introduced in India for the first time. "The tunnel kiln not only improves production efficiency but also saves up to 30 per cent of the cost," says M.K. Rao, managing director, Godavari Ceramics.

The project's civil construction is complete and the plant and machinery have also been installed. The company expects to commence commercial production by the end of 1989. The location of the plant is best suited to the availability of raw materials. This ensures their uninterrupted supply, besides saving on transportation costs.

"We have already received trial orders for exports to Russia and Sri Lanka. The company expects to achieve 60 per cent capacity utilisation in the first year itself, thus earning a cash profit of Rs.35 lakh, while the project's breakeven point is 61 per cent of capacity utilisation," says Rao.

Godavari Ceramics	
Issue opens	: 17 November 1989
Size of issue	: Rs.1.32 crore
To Indian public	: Rs.1.14 crore
Instrument	: Equity shares of Rs 10 each
Promoters	: M. Krishna Rao and Andhra Pradesh Industrial Development Corporation (APIDC)
Project	: Setting up a plant to manufacture 7,000 tonnes per annum of vitreous china sanitaryware for domestic and industrial applications
Cost of project	: Rs.9.96 crore
Plant location	: Rajamundry, East Godavari district
Listing	: Bombay, Calcutta, Hyderabad


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BETTER BALANCED FOR GREATER STABILITY.

What's the greatest security you need while riding all kinds of roads or taking turns? Stability, we think.

That's why each of our scooters, built around a unique aerodynamic chassis, is designed to be better balanced than most other scooters.

DESIGNED TO STOP. NOT SKID.

It happens so often. A cyclist dashes across the road, or the traffic light changes to red...and you have to brake suddenly.

At this critical moment, it's the double-action suspension and unique movable front brake back plate of the LML Vespa that act together to ensure that you

stop safely. Without skidding.

POWERED TO STEER YOU THROUGH RISKY SITUATIONS.

LML Vespa also recognises how important it is for you to have the pick-up that's sometimes necessary to get you out of dangerous traffic situations.

So, every LML Vespa offers greater power than any other scooter in its category.

BUILT-IN DIRECTION INDICATORS FOR SAFER TURNING.

At turns, we have always believed, it is safest for you to have both your hands on the handlebar. That's why, even before the Government made them compulsory, we provided built-in indicators on both, the front and rear of our scooters.

Each, having a specially toughened plastic cover for extra long life.

STEADIER HEADLIGHT KEEPS YOU SAFER AT NIGHT.

When you're riding an LML Vespa at night there's a 12V magneto making sure that neither your headlight nor tail-light dim when you're slowing down, or while idling.

COME HOME SAFE ON YOUR LML VESPA.

The unbeatable NV. And the classic T-5. LML Vespa gives you a choice of scooters engineered by Piaggio of Italy.

To match international safety standards. And keep you all safe, wherever you are.

Isn't it amazing that, small as they are, our children help us make some of our biggest decisions?

LML vespa

BUILT SAFER. BY DESIGN.

LML LIMITED

everest/d89/LML/213

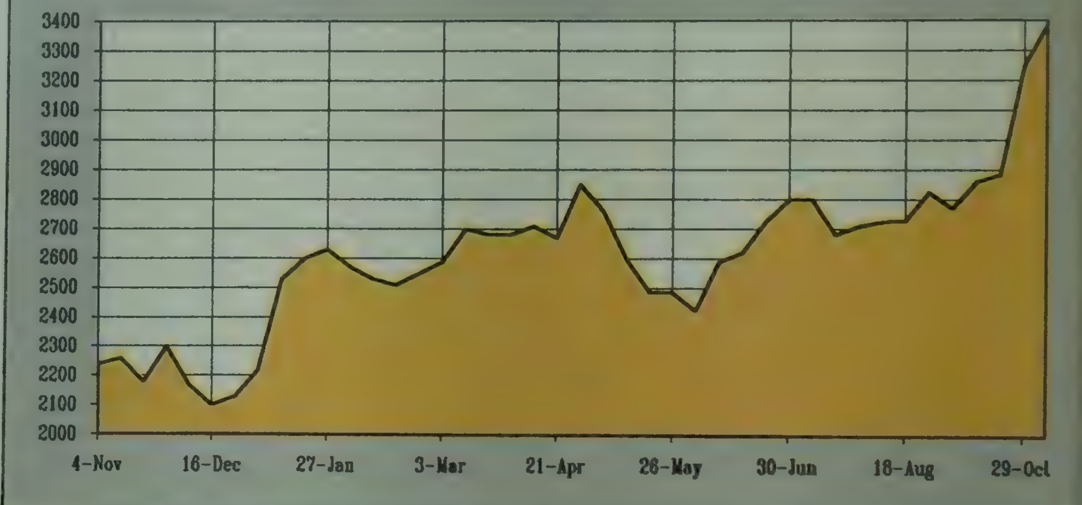
STOCKMARKET REVIEW

A listless new year

(For the period 23 October to 4 November 1989)

BSE National Index on 4 November = 392.07, up from 387.09 (+1.3 per cent).
BSE Sensitive Index on 4 November = 740.11, up from 738.52 (+0.2 per cent).
BSE Daily Turnover Average for the fortnight ended 4 November = Rs.64 crore, down 7 per cent.
BSE Daily Trading Volume for the fortnight ended 4 November = 5.35 million shares, down 5 per cent.

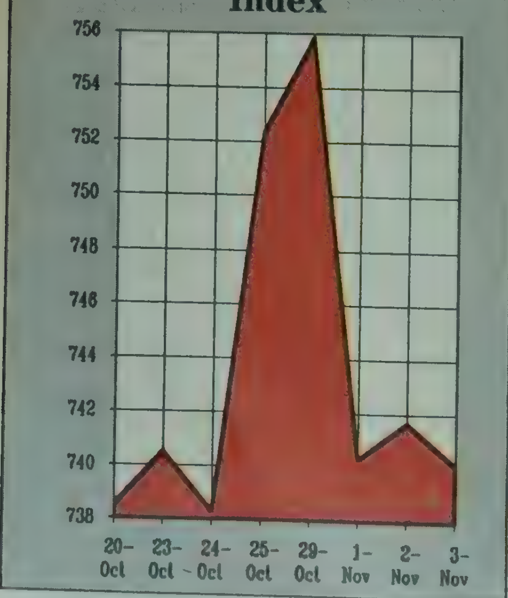
Century Enka: price movement (4 Nov '88 to 3 Nov '89)



The spectre of steady prices and declining volumes continued to haunt stockmarkets for the second fortnight in a row. Even trading on New Year's day, 29 October, was marked by unusually low volumes. While several speculative shares were relatively actively traded, cash ('B' group) shares were hit especially hard by the almost total absence of investor interest; turnover in BSE cash scrips fell to an average of Rs.9.5 crore per day from the previous fortnight's average of Rs.12 crore, and was a mere Rs.4 crore on 31 October, the day of fresh political news about Bofors and the defence minister's problems in Uttar Pradesh.

The market stagnated because it was ready to listen to political talk alone, while, in fact, there was very little "hard" political news. The little action that took place in the market occurred because of scattered speculative and institutional buying, including purchases by SBI Caps India Magnum Fund. Institutions bought MICO, which rose from Rs.660 to a record high of Rs.800, NOCIL, which rose from Rs.1,090 to a record high of Rs.1,350, before closing the fortnight at Rs.1,340 and Ballarpur Industries which rose from Rs.140 to a record high of Rs.170 before closing at Rs.157.50.

Bombay Stock Exchange Index



Focus on performers

While the majority of shares were neglected by speculators and investors alike, there was a move by speculators to concentrate their activity in a few strong performers. Although most marketmen hoped for a ruling party victory, they were unwilling to bet on it, preferring instead to place their funds on shares whose performance was strong and which would most likely be unaffected by changes in political fortunes.

In particular, speculators continued to patronise their two favourite scrips of the previous fortnight, Century and Century Enka. Century, accordingly, continued its record-breaking jump, rising to Rs.2,575 from Rs.2,295, while Century Enka rose from Rs.3,000 to close the fortnight at Rs.3,390, after touching a record high of Rs.3,425. The link with proven performance was clear: Century's recent half-yearly results showed a tripling of earnings arising from its excellent range of products, while Century Enka's equally strong range, viz., nylon yarn, nylon tyre cord and PFY, suggests another bumper year now that its labour problems are over.

Interestingly, the scrip's sustained rise was unaffected by the government's flip-flop on excise which first gave and then withdrew (all in a space of 4 days) excise reliefs amounting to over Rs.40 crore to the company. This was because the repeal of duty was viewed by the market as being temporary pending its reinstatement — but to a wider range of industries than was first allowed. Enka's competitor, Baroda Rayon, also continued to be in demand, rising to a new high of Rs.837.50, before closing at Rs.830, up from Rs.720.

Ashok Leyland was also a continued favourite, rising to a new high of Rs.91.50, and closing at Rs.90.50. Part of its rise is because of Tata Locomotive's labour trouble which has cut Telco's output by half over the past three months. Meanwhile, Telco's share price was down marginally to Rs.1,060 from Rs.1,070 on the news that half yearly earnings were up only marginally from Rs.6.2 crore to Rs.9.05 crore (90 per cent of Telco's previous year's earnings came in the second half, so these figures do not amount to much by way of useful comparison).

In demand

Mafatlal group shares were in particular in demand over the fortnight. Apart from NOCIL, which reached a record high, there was strong buying in Hoechst, which rose from Rs.1,230 to a record high of Rs.1,480 before settling at Rs.1,430; in PIL, which rose to a record high of Rs.1,320 before closing at Rs.1,305, up from Rs.1,250; and in Standard Industries, which rose from

Company	6 month rise in earnings %	Price change over the fortnight %
BASF	65	+3.6
GACL	35	0.0
Hind. Devt.	26	+5.9
Klock. Windsor	72	0.0
Shree Synthetic	33	-3.7
Tata Steel	23	-2.5
20th Century	25	+9.7

50 to a record high of Rs.545 before ing at Rs.542.50.

peculators also purchased Grasim, ch has just completed a successful 25 crore rights convertible debenture e. The scrip rose to Rs.108 from 02.50. Hindustan Aluminium, which bout to make a Rs.140 convertible deture crore issue, was also in demand, ng from Rs.255 to Rs.270. However, ga-issuers Larsen & Toubro and Essar arat continued to fall sharply, L & T ing the fortnight at Rs.90, down by 4, and Essar Gujarat closing at Rs.58, n by Rs.8.25. Bindal Agro, meanwhile, marginally by 50 paise to Rs.115.

ea shares, which have ridden the boom uction prices to record highs, were less demand following reports of improved th Indian production. Tata Tea closed fortnight at Rs.183, down by Rs.4.

cut in paraxylene import duty from 45 5 per cent was announced on 31 Octo-. This will help Bombay Dyeing, the ntry's only importer of the item, whose re price rose dutifully from Rs.124 to 140 before closing at Rs.132.50.

olitical hypnosis

dia Glycol, which had traded in the ge of Rs.60 through most of the past six nths but which had fallen off to Rs.40 e to a plant shutdown for a month beuse of unexpected technical problems, nounced that production had restarted d would reach full capacity by Decemr. The share rose marginally to Rs.43.50 operators were unsure of the effect of e shutdown on profits.

The trend in six-monthly results so far ows a maintenance of the previous ar's rises. The market, under a political pnosis, was unimpressed (see table).

With investors on the sidelines and initutions as shadowy purchasers, even ort-sellers have withdrawn in the face of *adha badla* charges. The feeling in the arket (or is it the hope?) is that no matr which party wins, continued economic eralisation is inevitable. However, it beg more inevitable with the ruling party, ere is the belief (or, again, is it just pe?) that people will vote with their cketbooks in mind. In any case, the unrtainty is bound to resolve itself shortly d that fact alone will be good for stockarkets.

RAFIQ DOSSANI

VANDHE TRANSFERS

Outdated procedures

Most investors, at some time or the other, have had problems in dealing with transfer of shares, commonly known in market parlance as '*vandhe* transfers' or shares coming under objection. The objection raised may be due either to the signature of the seller not tallying with the specimen registered in the company's record or for some other reason.

Getting a new transfer form, or having the objection withdrawn from the impugned form, or getting replacement shares in exchange for the ones under objection is not only difficult and time consuming but also involves a rather cumbersome procedure. It takes three to six months to obtain a new transfer form. Needless to say, liquidity is impaired as the investor's funds are blocked. One reason for this is the outdated and impracticable procedure followed by the Bombay stock exchange authorities.

Tedious procedure. To illustrate: an investor (purchaser) who lodges the shares along with the completed transfer forms for getting his name registered may find that the transfer form has been returned by the company or its registrar along with the objection memo after a month or so. According to the procedure, the investor has to get a set of copies of the objection memo and the transfer deed and submit the same along with original documents to the broker through whom the shares were purchased.

The investor's broker, in turn, forwards the documents on the subsequent Saturday (*vandhe* day) to the broker from whom the shares were received. This broker passes it on to the previous one and so on until it ultimately reaches the broker of the original seller, through whom the shares were sold in the market. He may well be a broker acting for a person staying in Rajkot, Baroda or Guwahati.

The selling broker has to obtain a new transfer deed with the fresh signature of the seller attested by a notary or a bank official. Attestation by a share broker of a recognised stock exchange is also permitted.

The new set of forms, along with the original transfer deeds, are then expected to be returned to the investor's broker within a period of 21 days from the date on which the investor's broker has returned the *vandhe* forms. The time limit is rarely adhered to.

The BSE authorities provide that if the buying broker (investor's broker in this case) is not provided with a new transfer form within 21 days, he can return the share certificates under 'bad delivery' and claim a cheque at the ruling market rate within the next seven days. The selling broker, apart from giving the cheque, is also required to rescind the transaction and enter into a fresh one at the ruling rate on the subsequent day.

Quid pro quo. This, however rarely works in practice. The buyer's broker does not accept bad delivery after 21 days. Eventually, when he does accept it, the cheques are not given in time. There is of course a *quid pro quo* involved: the leeway given to the buying broker is also expected to be given to the seller's broker when the latter faces a similar predicament. Normally it takes a minimum period of two to two-and-a-half months for the cheque to be received and new shares obtained.

The selling broker hesitates to issue a cheque within the stipulated 21-day period because of uncertainties regarding reimbursement by the client. Since the broker has already paid off the seller, it becomes difficult for him to realise this payment within 21 days.

An investor's broker who is not furnished with the cheque after bad delivery has been accepted has another recourse. He can, of course, summon the arbitration committee to look into the matter. But all these procedures take time and block the investor's funds for long periods of time. Besides, he also loses his chance to apply for preferential issues made by companies in the intervening period. Even in a case of a rights issue, an investor can claim only the number of rights shares due on his holding. His chance to apply for additional rights shares lapses.

What is really upsetting is that all these procedures can very easily be avoided if the original broker takes the trouble to authenticate the seller's signature at the outset. In case of a client not directly known to the broker, a banker can authenticate the signature.

Such an obligation, imposed on the original seller, will go a long way in minimising the travails of investors. As an alternative, the selling broker ought to be made liable to give the cheque at the current rate immediately on presentation of the bad documents.

■ A CORRESPONDENT

Company Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 3.11.89	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
A.P.SCOOTERS,10	07/87	9.94	-13.25	-3.33	4.00	6.00	2.00	-4.8			11.0	27.5		
ACC,100	03/89	55.95	81.30	245.31	301.00	415.00	237.00	4.5	1.9	66.9		3.6	86	1:5
CALICO MILLS,125	06/89	13.56	-5.69	72.55	33.00	41.00	25.00	2.3		14.3			77	1:7
AHM ELECTRIC,100	03/89	19.81	67.58	441.14	280.00	380.00	132.50	27.7	11.8	10.1	16.0	5.7	87	1:5
ALFA LAVAL,10	03/89	5.21	21.57	51.40	81.25	90.50	47.00	12.0	3.4	6.8	25.0	3.1	89	1:2
AMAL RASAYAN,10	03/89	1.48	5.14	44.73	86.25	147.50	76.25	18.2	9.1	4.7	25.0	2.9		
AMB SARABHAI,10	03/88	22.20	-1.72	9.23	15.00	24.00	10.50	0.8		18.8			82	1:5
AMFORGE,10	03/89	5.33	11.32	31.24	92.00	97.00	57.00	7.0	3.5	13.1	25.0	2.7		
ANDHRA CEMENT,10	03/88	18.20	-2.70	8.52	10.50	18.00	8.50	0.7	-4.0	15.0	10.0	9.5	67	1:2
ANDHRA VALLEY,100	03/88	10.51	38.33	464.70	320.00	405.00	237.50	110.9	73.8	2.9	18.0	5.6	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	55.25	72.00	16.50	2.2		25.1	10.0	1.8	67	2:5
ANNAPURNA FOILS,10	03/88	9.05	0.00	10.00	7.50	17.00	7.00							
APOLLO HOSP,10	06/88	5.44	1.33	12.44	11.75	19.00	10.00	3.7	1.2	3.2	15.0	12.8		
APOLLO TYRES,10	10/88	7.75	14.19	28.31	80.50	136.50	56.00	19.1	7.9	4.2	25.0	3.1		
APPLE LEASING,10	03/89	3.75	0.81	12.16	20.00	24.50	7.50	4.3	3.9	4.7	35.0	17.5		
ASEA,10	12/88	5.18	8.25	25.93	55.00	77.50	42.50	3.0	1.6	18.3	21.0	3.8		
ASHOK LEYLAND,10	12/88	21.39	84.87	49.68	90.50	90.50	59.00	8.1	2.2	11.2	21.0	2.3	78	1:2
ASIAN CABLES,10	03/89	5.59	7.32	23.09	42.00	70.00	16.00	5.8	2.4	7.2	18.0	4.3	81	1:3
ASIAN HOTELS,10	03/89	15.05	4.81	13.20	57.00	62.00	45.00	4.1		13.9	25.0	4.4		
ASIAN PAINTS,10	03/89	12.44	41.02	42.97	208.75	227.50	165.00	12.2	7.7	17.1	42.0	2.0	87	1:2
ASSAM CO,10	03/89	7.00	26.02	47.17	260.00	260.00	90.00	16.8		15.5		2.7	89	1:1
ASSAM FRONTIER,10	03/89	3.00	10.53	45.10	190.00	220.00	120.00	13.7		13.9	50.0	2.6		
ASTRA IDL,10	03/89	2.50	2.97	21.88	63.50	72.00	32.00	4.9		13.0	10.0	1.6		
ATLAS COPCO,10	03/89	7.26	7.95	20.95	47.00	57.00	33.00	0.8	0.2	58.8	10.0	2.1	87	1:2
ATLAS CYCLE,10	06/88	1.53	13.93	101.05	95.00	152.50	92.50	14.7	7.4	6.5	20.0	2.1	87	1:2
AVERY INDIA,10	12/87	4.20	9.34	32.24	112.00	144.00	106.00	8.6		13.0	35.0	3.1	84	2:5
BAJAJ AUTO,10	03/89	18.81	219.74	126.82	336.25	462.50	301.25	21.6		15.6	35.0	1.0	87	1:1
BAJAJ PLASTIC,10	03/89	1.50	4.94	42.93	36.00	38.50	13.50	-7.9	-4.1	20.0			86	1:1
BAJAJ TEMPO,10	03/89	6.60	42.10	73.79	137.50	152.50	102.50	2.0		68.8	20.0	1.5	86	1:1
BAKELITE HYLAM,10	03/89	4.50	19.51	53.36	57.00	57.00	25.50	3.7	2.0	15.4	18.0	3.2	80	2:3
BALLARPUR,10	06/88	20.97	27.11	22.93	157.50	166.25	34.50	8.3	4.3	19.0	18.0	1.1	89	1:2
BARODA RAYON,100	03/89	17.97	32.35	280.02	830.00	830.00	290.00	62.9		13.2	15.0	1.8	82	1:2
BASF,10	03/89	4.26	12.32	38.92	145.00	150.00	102.50	8.6	5.5	16.9	25.0	1.7	88	1:2
BATA INDIA,10	12/87	10.50	17.18	26.36	68.00	89.00	62.00	3.7		18.4	15.0	2.2	87	1:1
BATLIBOI,10	09/88	2.79	3.93	24.09	17.50	22.50	14.00	1.1		15.9	10.0	5.7		
BAYER INDIA,100	12/87	16.22	11.19	168.99	745.00	900.00	550.00	27.4	25.5	27.2	16.0	2.1	87	1:1
BEST & CROM,10	03/89	7.10	17.80	35.07	43.00	83.00	28.50	1.6		26.9	10.0	2.3	82	3:5
BHADRA PAPER,10	03/89	10.57	27.85	36.35	100.00	110.00	31.00	8.8		11.4	35.0	3.5		
BHARAT FORGE,10	03/89	14.06	19.23	23.68	75.00	120.50	68.50	5.9	3.9	12.7	25.0	3.3	88	1:1
BHARAT GEARS,10	03/89	4.03	5.50	23.65	23.50	28.25	14.00	-2.4	0.1	9.5		6.2		
BIHAR ALLOY,10	03/89	8.20	-8.25	-0.06	38.00	51.50	12.75	3.6	2.4	10.6				
BIMETAL,10	03/89	1.91	10.91	67.12	80.00	110.00	25.00	15.1		5.3	27.5	3.4	89	1:1
BINDAL AGRO,10	12/88	3.79	8.50	32.43	115.00	130.00	70.00	19.9		5.8	50.0	4.3		
BIRLA JUTE,10	03/88	20.37	83.19	50.84	48.00	71.00	42.00	0.1	2.6	480.0	14.0	2.9	86	1:1
BIRLA YAMAHA,10	08/87	8.00	0.17	10.21	8.75	14.00	7.75	0.2	-2.9	43.8				
BLOW PLAST,10	07/88	2.00	3.64	28.20	37.50	55.00	30.00	1.7		22.1	15.0	4.0	87	1:1
BLUE STAR,10	03/89	3.55	11.60	42.68	79.50	80.00	55.00	10.2		7.8	18.0	2.3	86	3:5
BOM BURMAH,100	03/89	5.52	16.26	394.57	490.00	555.00	380.00	40.7	21.7	12.0	30.0	6.1	78	1:4
BOM DYEING,10	03/89	11.24	70.65	72.86	132.50	161.00	96.00	16.0	11.0	8.3	30.0	2.3	79	1:1
BOM SUBURBAN,10	03/89	8.60	78.22	128.52	73.75	85.00	33.00	12.9		5.7	20.0	2.7	89	1:1
BOOTS,10	03/89	8.10	9.33	21.52	132.50	146.00	100.00	5.5	2.8	24.1	22.0	1.7	87	1:1
BOROSIL GLASS,10	03/89	2.24	7.94	45.45	63.75	82.00	28.75	6.0		10.6	25.0	3.9	82	1:2
BRITANNIA,10	03/89	12.38	28.00	32.62	126.00	126.00	87.50	6.7		18.8	32.0	2.5	89	1:2
BROOKE BOND,10	12/88	24.73	45.59	28.44	103.00	103.00	65.00	9.7	6.2	10.6	33.0	3.2	89	1:2
BURROUGHS,10	02/89	3.00	15.82	62.73	92.50	116.25	91.25	12.0	5.3	7.7	45.0	4.9	89	1:1
C.E.S.C.,10	03/88	16.94	67.56	49.68	37.50	37.50	15.10	4.9	2.8	7.7	16.0	4.3		
C.P.TOOLS,100	03/89	4.57	9.61	310.28	345.00	485.00	330.00	19.0		18.2	15.0	4.3	77	1:3
CABLE CORP,10	03/89	9.00	18.86	30.96	84.00	91.00	55.00	11.5	8.3	7.3	27.5	3.3		
CARRIER AIRCON,10	03/88	6.25	0.00	10.00	23.00	40.00	21.00							
CEAT TYRES,10	06/88	14.76	87.68	69.40	152.50	176.25	91.25	13.6		11.2	27.5	1.8	86	1:2
CEMINDIA,10	03/89	1.28	8.06	72.97	95.00	126.25	72.50	6.8	3.6	14.0	40.0	4.2	84	3:5
CENTURY ENKA,100	03/89	16.61	111.66	772.25	3390.00	3390.00	1720.00	236.2	91.0	14.4	42.0	1.2	86	2:5
CENTURY SPIN,100	12/88	26.62	201.09	855.41	2575.00	2575.00	1260.00	25.9	71.3	99.4	30.0	1.2	86	2:3
CHAMPAGNE,10	12/87	2.50	-1.46	4.16	14.50	22.00	12.00	-3.2						
CHLORIDE,10	12/88	20.65	16.51	18.00	83.00	85.00	74.00	5.0	2.5	16.6	31.5	3.8	86	3:5
CIFCO FINANCE,10	07/88	4.78	0.40	10.84	9.00	11.00	6.75	1.7		5.3	15.0	16.7		
CITURGIA,10	03/89	3.38	6.54	29.35	98.00	115.00	80.00	8.3		11.8	35.0	3.6		
COLGATE,10	03/89	31.44	13.62	14.33	191.25	195.00	146.25	13.5	7.6	14.2	45.0	2.4	89	1:1
COLOUR CHEM,100	03/89	7.94	13.35	268.14	510.00	525.00	400.00	37.9	26.8	13.5	22.0	4.3	80	2:5
COMET STEEL,10	03/89	9.65	1.25	11.30	20.00	25.00	11.50	2.7	1.6	7.4	16.0	8.0		
COROM FERT,10	12/88	24.32	24.79	20.19	22.00	35.00	13.50	-4.9			8.0	3.6	86	1:2
COSMO FILMS,10	03/88	2.39	7.45	41.17	28.50	60.00	14.00	6.6		4.3	18.0	6.3		
CROMPT GREA,100	06/88	9.60	62.01	745.94	1300.00	1400.00	25.00	61.4		21.2	18.0	1.4	79	1:3
CYANAMID,10	03/89	5.25	10.26	29.54	96.25	96.25	55.00	5.6		17.2	20.0	2.1		
DCM,10	03/89	23.02	28.19	22.25	47.00	78.00	13.50	1.8		26.1			71	4:5
DCM TOYOTA,10	09/88	15.00	-12.96	1.36	13.00	16.50	9.50	-1.1	-0.4					

Company Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 3.11.89	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
DEEPAK FERT,10	03/89	14.82	11.32	17.64	29.25	51.00	27.00	4.7	3.0	6.2	16.0	6.2		
DEEPAK NITR,10	03/89	2.43	6.48	36.67	67.00	85.00	14.50	9.2		7.3	26.0	4.2	85	[illegible]
DEMPO STEAM,100	06/85	2.00	-9.83	391.50	5.00	6.50	5.00							
DHARAMSI,10	03/89	6.24	11.15	27.87	39.00	39.00	27.50	3.2	1.7	12.2	20.0	5.1	79	[illegible]
DR.REDDYS,10	03/89	1.37	1.36	19.93	61.00	85.00	52.50	5.2		11.7	25.0	4.1		
DUNCAN AGRO,100	12/86	2.03	14.11	196.07	405.00	430.00	111.00	92.1		4.4	15.0	3.7	77	[illegible]
DUNLOP,10	03/89	18.99	68.77	46.21	70.00	105.00	47.50	5.3	2.5	13.2	30.0	4.3	76	[illegible]
E. MERCK,10	12/87	5.94	5.04	18.48	80.00	90.00	55.00	2.2	1.2	36.4	16.0	2.0	86	[illegible]
E.I.HOTELS,10	03/89	23.84	42.12	27.67	64.00	67.00	50.00	4.0		16.0	20.0	3.1	84	[illegible]
EICHER MOTORS,10	04/88	9.98	-6.04	3.95	12.00	18.00	9.50	6.4	-4.8	1.9		10.0		
EID PARRY,10	06/88	6.28	6.89	20.65	62.00	70.00	35.00	4.5		13.8	20.0	3.2		
ELECON ENG,10	03/89	5.65	26.90	57.61	70.00	74.00	50.00	4.6	2.4	15.2	20.0	2.9	87	
ENFIELD,10	06/88	5.04	9.15	28.15	13.50	13.50	9.50	-10.4					86	
ENGLISH ELECT,10	03/89	9.00	18.16	30.18	60.00	72.00	47.50	2.7	2.8	22.2	7.5	1.2	87	
ESCORTS,10	03/89	33.90	114.78	43.86	77.00	83.50	58.50	5.3	2.7	14.5	28.0	3.6	87	
ESKAYEF,10	03/89	7.50	20.99	37.99	117.50	165.00	111.25	8.2		14.3	27.0	2.3	88	
ESSAR SHIPPING,10	06/89	44.37	44.05	19.93	22.85	35.00	20.00	4.4		5.2	30.0	13.1		
EXCEL,10	03/89	4.62	11.96	35.93	164.00	166.00	117.00	10.3	6.7	15.9	50.0	3.0	84	
FAG PRECISION,100	03/89	3.36	8.71	358.23	710.00	710.00	140.00	68.8	40.2	10.3	16.0	2.3		
FERRO ALLOYS,100	03/89	5.52	24.78	548.91	1250.00	1650.00	530.00	171.5	31.7	7.3	20.0	1.6	80	
FGP,10	03/88	4.89	5.82	21.90	49.00	60.00	30.00	4.1	3.7	12.0	16.0	3.3	87	
FICOM ORGANIC,10	03/89	1.29	5.96	56.20	173.75	240.00	106.25	19.0	11.0	9.1	60.0	3.5	87	
FINOLEX,10	03/89	3.24	30.80	105.06	310.00	422.50	300.00	58.1	31.9	5.3	60.0	1.9	88	
FIRST LEASING,10	11/87	6.30	8.78	23.94	18.50	19.00	14.00	6.4		2.9	25.0	13.5	83	
FLAKT INDIA,10	12/88	3.40	4.08	22.00	51.00	57.50	37.50	5.6		9.1	20.0	3.9	89	
FOOD SPECIAL,10	12/88	30.72	17.84	15.81	108.75	136.50	97.50	7.3	4.0	14.9	25.0	2.3	89	
FORBES FORBES,10	03/89	4.25	20.54	58.33	48.75	66.00	38.00	3.7		13.2	30.0	6.2	82	
FULFORD,10	12/87	0.80	2.28	38.50	325.00	425.00	280.00	8.8	6.1	36.9	22.0	0.7	88	
G.E.SHIPPING,10	03/89	55.61	55.28	19.94	45.85	47.25	34.25	5.4	1.5	8.5	12.0	2.6	81	
G.K.W.,10	03/89	24.06	30.30	22.59	20.00	26.00	10.00	-0.6					83	
G.T.C.INDUST,10	03/89	5.00	13.24	36.48	23.00	24.50	14.35	5.1		4.5	24.0	10.4	72	
GABRIEL,10	03/89	2.64	4.36	26.52	50.00	52.00	21.00	4.4	1.9	11.4	20.0	4.0	78	
GAMMON INDIA,10	07/88	2.16	13.46	72.31	80.00	310.00	80.00	1.9		42.1	18.0	2.2	82	
GARDEN SILK,10	03/88	12.57	82.28	75.46	45.00	72.50	42.50	11.1	1.4	4.1	30.0	6.7		
GARWARE NYLON,10	12/88	9.72	14.92	25.35	50.00	67.00	37.00	3.6	2.4	13.9	20.0	4.0	83	
GARWARE POLY,10	06/88	8.31	28.96	44.85	55.50	122.50	55.50	6.5	3.6	8.5	20.0	3.6		
GARWARE SHIP,10	03/88	3.75	0.03	10.06	19.50	41.00	17.00	-3.6	3.2					
GEN ELECTRIC,10	03/89	7.20	30.60	52.50	66.50	92.00	46.50	13.9		4.8	15.0	2.3	89	
GENELEC,10	03/88	2.16	5.79	36.81	27.50	72.50	25.00	6.5		4.2	14.7	5.3	84	
GEORGE WILL,10	09/88	6.30	24.05	48.17	195.00	200.00	95.00	8.7	5.0	22.4	40.0	2.1	86	
GERMAN REMED,10	03/89	3.26	5.20	25.95	84.00	102.00	61.00	117.8	72.5	0.7	15.0	1.8	82	
GLAXO,10	03/89	20.00	39.91	29.95	101.50	104.00	73.50	9.1		11.2	20.0	2.0	80	
GODFREY PHILIPS,10	03/89	2.80	3.80	24.82	42.50	52.50	25.00	4.5	2.1	9.4		7.1	75	
GOETZE,10	03/89	6.93	14.10	30.35	82.50	90.00	49.00	6.2		13.3	22.0	2.7	76	
GOKAK PATEL,10	03/89	6.52	19.12	39.33	75.00	120.00	71.25	6.0		12.5	20.0	2.7	87	
GOOD NEROLAC,10	06/88	3.24	5.08	25.68	57.50	81.00	42.50	2.0		28.8	20.0	3.5	78	
GOODYEAR,10	12/88	7.48	31.95	52.71	98.00	125.00	80.00	13.8	5.6	7.1		4.2	77	
GRAMOPHONE,10	03/89	4.37	11.43	36.16	9.25	21.50	5.50	-11.0						
GRASIM,10	03/89	37.70	127.25	43.75	109.00	135.00	12.50	10.5	6.4	10.4	27.5	2.5	88	
GREAVE COTTON,100	03/89	6.57	26.22	499.09	680.00	720.00	400.00	102.7		6.4	18.0	2.7	88	
GUJ ALKALIES,10	03/89	17.90	29.78	26.64	74.00	77.50	63.00	2.4	1.1	30.8	26.0	3.5	87	
GUJ AMB CEM,10	06/89	19.99	5.58	12.79	20.00	27.50	14.50	1.9		10.5	12.0	6.0		
GUJ NARMADA,10	03/89	86.99	103.47	21.63	32.50	81.00	30.00	1.0		32.5	10.0	3.1		
GUJ STATE FERT,10	03/89	26.95	208.59	87.40	177.50	182.50	125.00	18.1	12.8	9.8	37.5	2.1	[illegible]	
HARRISON,10	06/89	9.10	17.64	29.38	94.00	101.00	45.50	3.5	0.5	26.9	10.0	1.1	[illegible]	
HERDILLIA CHEM,10	03/89	7.35	41.35	66.26	98.00	105.00	65.00	11.3	5.5	8.5	21.0	2.2	[illegible]	
HERO HONDA,10	06/88	15.60	1.94	11.24	18.00	39.00	18.00	1.2		15.0				
HIND ALLOY,10	03/89	5.89	5.03	18.54	60.00	98.00	46.25	6.2	4.3	9.7	30.0	5.0		
HIND ALUM,10	03/89	17.85	162.39	100.97	270.00	322.50	123.00	15.8		17.1	37.5	1.4	[illegible]	
HIND BROWN,100	03/89	5.47	25.33	563.07	700.00	910.00	77.50	70.0		10.0	23.0	3.3	[illegible]	
HIND CIBA,100	03/89	17.71	40.07	326.26	980.00	1080.00	610.00	67.4	45.9	14.5	30.0	3.1	[illegible]	
HIND COCOA,10	03/89	8.40	12.04	24.33	134.00	137.50	100.00	7.1		18.9	25.0	1.9	[illegible]	
HIND DEVELOP,10	03/89	8.42	92.56	119.93	107.00	115.00	83.75	14.0	8.0	7.6	25.0	2.3	[illegible]	
HIND DORR-OLIVER,10	03/89	4.76	8.41	27.67	80.00	105.00	56.25	7.1	1.6	11.3	50.0	6.2	[illegible]	
HIND FERODO,10	03/89	5.50	1.89	13.44	20.00	23.00	16.00	1.4		14.3	5.0	2.5	[illegible]	
HIND LEVER,10	12/88	93.32	112.74	22.06	108.00	108.50	69.00	5.2	2.5	20.8		3.4	[illegible]	
HIND MOTOR,10	03/89	26.35	44.89	27.04	24.50	50.25	24.50	-2.2			7.5	3.1	[illegible]	
HMM,10	04/88	14.18	93.90	76.22	210.00	215.00	117.50	6.6	5.7	31.8	40.0	1.9	[illegible]	
HOECHST,100	03/89	9.58	27.94	391.65	1430.00	1430.00	500.00	37.7		37.9	20.0	1.4	[illegible]	
HOGANAS,10	10/87	1.15	0.00	10.00	53.00	63.00	39.00		-0.6					
HOTEL LEELA,10	03/89	11.80	-2.30	8.05	13.00	22.00	13.00	-0.4						
HOUSING DEV FIN,100	03/89	19.98	44.56	323.02	282.50	345.00	175.00	96.8		2.9		5.7		
HYD.ALLWYN,10	07/87	8.10	10.70	23.21	14.00	22.00	8.50	3.7	4.2	3.8	15.0	10.7		
ICIM,10	12/87	4.13	9.13	32.11	22.60	67.00	16.00	2.3		9.6				
ICI,10	03/89	40.87	84.19	30.60	50.00	67.00	38.50	3.4	0.9	14.7	22.5	4.5		
INDIA CEMENT,10	03/88	4.90	46.92	105.76	16.00	32.00	16.00	3.0		5.3	12.0	7.5		

	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 3.11.89	52 weeks High	Low	EPS in Rs Year	Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Ratio
UM,10	04/88	4.50	0.00	10.00	10.00	17.00	8.00	-5.9	-2.0					
FIBRES,10	12/87	28.75	-2.73	9.08	6.50	10.00	4.50							
MSHIP,10	03/88	4.95	-65.15	-121.62	11.60	18.25	10.00	-16.9					75	1:1
UM,10	12/87	41.16	49.09	21.93	146.50	188.00	40.00	0.9	0.7	162.8	14.0	1.0	77	2:5
STUFF,100	03/89	9.41	35.85	480.98	207.50	232.50	185.00	0.9		230.6	10.0	4.8	80	1:4
TEL,10	03/89	9.86	48.38	59.07	82.50	97.50	70.50	9.5	6.5	8.7	30.0	3.6	89	1:2
GANIC,10	03/89	18.40	20.63	21.21	52.50	53.00	25.00	3.0		17.5	10.0	1.9	85	1:2
YGEN,10	03/89	14.60	32.65	32.36	42.00	50.00	40.00	1.9		22.1	10.0	2.4	85	1:3
YON,10	06/89	25.40	190.83	85.13	86.50	105.00	77.00	3.9	2.0	22.2	28.0	3.2	80	1:4
AMLESS,10	03/89	2.21	4.02	28.19	158.75	210.00	57.50	15.8	5.9	10.0	18.0	1.1	89	3:4
FERT,10	09/87	164.81	0.00	10.00	13.25	27.00	13.25							
	06/89	6.16	26.27	52.65	233.75	327.50	225.00	11.8		19.8	36.0	1.5	86	1:1
AN,10	12/87	6.00	1.21	12.02	11.25	31.50	11.25	5.6	2.9	2.0	10.0	8.9		
L,10	03/89	7.86	31.00	49.29	410.00	425.00	272.50	13.4	8.8	30.6	45.0	1.1	89	1:1
NGE,10	04/88	3.46	7.20	30.81	70.00	94.00	65.00	4.3		16.3	20.0	2.9	88	4:5
	12/87	12.00	-15.79	3.16	16.50	26.00	12.50	-6.9		6.7				
	03/89	33.17	159.47	58.08	69.00	72.00	22.50	11.7	4.5	5.9	40.0	5.8	89	1:1
CAL,10	06/89	3.00	2.84	19.47	36.50	44.00	26.00	4.4		8.3	23.0	6.3		
T,10	06/89	14.04	15.51	21.05	90.00	112.50	38.00	10.4		8.7	25.0	2.8	67	1:1
ETIC,10	03/89	38.51	129.12	43.53	62.50	91.00	62.50	4.8	2.0	13.0	22.0	3.5	83	1:3
TAMIN,10	06/88	3.87	5.11	23.20	37.00	62.00	35.00	4.6		7.7	21.0	5.7	87	2:5
BRAKES,10	06/88	3.90	-4.84	-2.41	32.00	42.00	26.00	1.3	0.6	24.6				
STEEL,10	08/88	1.13	11.41	110.97	250.00	325.00	225.00	31.9		7.8	85.0	3.4	88	1:1
OR,10	06/89	3.55	25.48	61.77	170.00	202.50	110.00	18.3	9.3	9.3		1.3	84	1:1
I,10	03/88	8.85	52.23	69.02	46.00	71.00	39.00	3.4	0.7	13.5	23.5	5.1	79	1:2
DIST,10	06/87	6.00	8.88	24.80	37.00	56.25	29.00	3.1	2.2	11.9	20.0	5.4		
NGG,10	03/89	2.40	19.47	91.12	127.50	198.75	115.00	6.8		18.8	30.0	2.4	89	1:1
ONDA,10	03/89	9.99	3.34	13.34	28.50	38.75	24.00	1.2		23.8				
MINS,10	03/89	26.40	41.95	25.89	70.00	100.00	55.00	2.7		25.9	11.2	1.6	86	1:1
UMATIC,10	03/89	3.85	11.28	39.30	71.00	72.50	45.00	12.5		5.7	22.5	3.2		
AR OIL,10	03/89	6.71	13.16	29.61	37.50	67.50	29.00	4.5		8.3	10.0	2.7	76	3:7
ER WIND,10	03/89	4.50	7.50	26.67	146.25	152.50	90.00	9.4	4.5	15.6	24.0	1.6	88	1:2
PS,10	12/88	8.70	7.63	18.77	195.00	212.50	153.75	12.3	6.3	15.9	20.0	1.0	89	1:1
0	03/89	2.10	7.48	45.62	128.75	142.50	85.00	6.9	4.1	18.7	22.5	1.7	89	1:2
TOUBRO,10	03/89	60.75	294.16	58.42	90.00	133.50	82.50	6.0		15.0	30.0	3.3	86	3:5
0	12/88	15.75	15.17	19.63	93.00	95.00	65.00	7.7	3.1	12.1	33.0	3.5		
TEEL,10	03/88	3.38	4.24	22.54	80.00	102.50	18.00	2.5	2.2	32.0	22.0	2.8	89	1:2
	03/89	21.05	9.07	14.31	17.00	26.50	13.00	0.2	0.6	85.0			80	4:5
MAGOR,10	06/86	2.74	41.38	161.02	67.00	93.50	43.50	2.3		29.1	7.0	1.0		
CEMENT,100	12/87	3.02	18.85	717.56	470.00	810.00	400.00	-153.3	-79.5					
COATES,10	06/88	21.96	92.32	52.04	101.00	107.00	90.00	6.5		15.5	30.0	3.0	86	1:2
AL FINE,100	03/89	14.48	23.89	283.80	250.00	375.00	202.50	9.0		27.8	10.0	4.0	80	1:3
AL IND,100	03/89	16.20	51.29	416.80	282.50	335.00	220.00	9.6	5.1	29.4	20.0	7.1	78	1:5
MAHIN,10	10/87	19.26	102.06	62.99	103.00	122.00	73.50	5.5	2.3	18.7	22.0	2.1	84	2:3
RA NISSAN	06/87	16.54	0.15	10.09	9.50	14.00	8.00	-2.2	-2.5					
RA UGINE,10	03/89	11.50	24.57	31.37	85.00	92.00	45.50	6.6		12.9	16.5	1.9	88	1:2
LAM CEM,10	03/89	7.11	11.53	26.22	21.00	30.50	19.00	2.0	0.3	10.5	18.0	8.6		
LORE CHEM,10	03/88	18.99	13.98	17.36	24.00	56.65	17.50	-0.6	-0.1	230.0		4.3		
SHARE,10	06/89	225.00	280.60	22.47	16.15	21.50	12.17	8.3		1.9	18.0	11.1		
PLATT,10	03/89	10.24	8.12	17.93	46.00	77.50	41.00	3.2		14.4	16.0	3.5	87	3:5
HA,10	09/88	2.79	1.78	16.38	73.00	92.00	51.00	5.0		14.6	20.0	2.7		
AKER,10	03/89	4.50	10.47	33.27	63.75	85.00	52.50	7.0		9.1	25.0	3.9		
INDUST,10	11/88	4.32	2.64	16.11	9.00	20.00	7.00	2.3		3.9	12.7	14.1		
ELL,10	03/89	7.68	25.89	43.71	75.00	107.50	70.00	1.5		50.0	20.0	2.7	86	1:1
RUSSEL,10	06/88	6.25	22.38	45.81	137.50	147.50	82.00	12.9	5.2	10.7	45.0	3.3	87	1:1
BOX,10	03/87	14.88	-12.54	1.46	7.25	10.20	5.20	-4.0	-5.0				67	1:2
DIA,10	03/89	0.64	1.78	37.81	117.50	130.50	66.50	17.7	4.8	6.6	30.0	2.6	89	1:1
OD,10	12/87	1.14	4.49	49.39	205.00	300.00	185.00	8.9	12.4	23.0	25.0	1.2	87	1:1
DUSTRIES,10	09/87	3.13	23.65	85.56	18.00	35.00	17.00	-11.9	-13.7		6.0	3.3	89	1:5
UBBER,10	03/89	10.38	52.50	60.56	79.00	120.00	75.00	13.0	9.5*	6.1	25.0	3.2	[illegible]	2:5
ROX,10	03/89	17.46	6.50	13.72	56.00	73.00	33.00	2.9		19.3	15.0	2.7		
INDUST,100	12/88	38.05	56.44	248.33	800.00	800.00	565.00	38.0	19.4	21.1	14.0	1.8	86	1:1
	03/89	3.86	44.85	126.19	335.00	460.00	85.00	43.4		7.7	90.0	2.7	75	1:2
IRON,10	03/89	14.74	80.22	64.42	141.00	142.50	75.00	15.8		8.9	20.0	1.4	88	1:2
CEMENT,10	06/87	18.22	22.61	22.41	19.00	28.00	18.00	1.1	1.2	17.3	17.5	9.2	85	2:5
FINANCE,10	03/89	2.44	3.73	25.41	13.25	16.50	6.00	5.2		2.5	35.0	26.4		
PEROXIDE,100	03/88	2.30	9.02	492.17	850.00	1325.00	675.00	77.8		10.9	30.0	3.5		
AL RADIO,100	12/87	6.62	2.77	141.84	290.00	360.00	115.00	10.6	3.5	27.4				
10	03/89	15.76	-23.74	-5.06	13.00	17.00	8.50	-21.5					82	1:2
00	03/89	36.00	82.01	327.81	1340.00	1340.00	730.00	90.5	57.9	14.8	40.0	3.0	86	1:2
CEMENT,10	12/87	5.40	31.50	88.33	33.00	37.00	33.00	7.3	0.5	4.5	20.0	6.1	87	1:1
10	03/88	49.64	54.77	21.03	16.75	44.00	14.25	1.4	1.1	12.0	21.0	12.5		
AGRO,10	06/87	28.52	81.67	38.64	73.00	122.00	67.00	2.8		26.1	50.0	6.8	87	3:5
FURANE,10	12/87	18.00	0.00	10.00	37.00	95.00	37.00		0.3					
EVATORS,10	03/89	5.04	15.02	39.80	185.00	220.00	170.00	11.0	7.5	16.8	40.0	2.2	85	1:1
DAVIS,10	03/89	7.53	4.06	15.42	78.00	87.50	38.00	4.1		18.5	35.0	4.8	78	3:5

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 3.11.89	52 weeks High	Low	EPS in Rs Year	Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Ratio
PEICO,10	03/89	33.32	36.59	20.98	22.00	35.00	16.50	-5.1	-3.9	15.8	10.0	4.5	82	1:5
PFIZER,10	11/88	11.72	15.67	23.37	75.50	88.00	58.00	1.5		50.3	15.0	2.0	77	4:5
POLYCHEM,10	03/89	6.00	11.90	29.83	60.00	72.50	54.50	14.7	7.6	4.1	25.0	4.2	89	2:3
POLYOLEFINS,100	03/89	19.30	45.02	333.26	1305.00	1305.00	875.00	112.4	44.8	11.6	28.0	2.1	88	1:2
PONDS,10	12/88	6.68	15.33	32.95	175.00	210.00	153.75	6.6	4.6	26.5	20.0	1.1	87	1:1
PREMIER AUTO,10	06/89	17.67	112.26	73.53	61.50	86.25	40.50	7.7	-	8.0	45.0	7.3	86	1:1
PROCTER & GAM,10	06/89	6.68	11.68	27.49	200.00	241.50	175.00	9.4	3.4	21.3	30.0	1.5	88	4:5
PSI DATA,10	03/89	1.38	-5.27	-28.19	14.00	21.00	5.00	-6.3		8.8		11.0		
RALLIS,10	03/89	9.52	33.44	45.13	95.00	150.00	95.00	9.2		10.3	25.0	2.6	77	3:1
RANBAXY,10	03/89	5.22	16.22	41.07	90.00	132.50	75.00	8.4		10.7	27.5	3.1	88	2:5
RAYMONDS,10	03/89	22.47	67.19	39.90	65.50	84.50	64.00	9.6		6.8	20.0	3.1	87	1:1
RECKITT COLMAN,10	12/88	8.40	17.83	31.23	192.50	210.00	130.00	8.0	4.8	24.1		1.7	88	1:1
REGENCY CERAMIC,10	06/88	3.98	0.25	10.63	20.50	21.00	12.00	-2.7						
RELIANCE,10	03/89	152.11	913.40	70.05	88.00	190.00	88.00	6.5	3.2	13.5	30.0	3.4	83	3:5
RELIANCE PETRO	03/89	86.47	0.48	10.06	39.50	55.00	38.00	0.6		65.8	18.0	4.6		
REMINGTON,10	03/88	2.67	4.34	26.25	63.75	75.00	33.00	4.1	1.2	15.5	20.0	3.1	86	1:2
REVATHI C.P,10	06/89	1.80	3.68	33.00	75.00	140.00	67.00	5.5		13.6	20.0	2.7	87	1:1
ROCHE PRODUCTS,10	12/88	4.81	6.23	22.95	86.00	87.50	53.75	3.3	1.9	26.1	15.0	1.7	80	1:3
ROSS MURARKA,10	12/88	4.64	3.29	17.09	16.00	20.00	6.50	3.1	3.4	5.2	18.0	11.2		
S.I.VISCOSE,100	03/89	11.03	21.19	292.11	875.00	960.00	560.00	116.9	71.6	7.5	35.0	4.0	87	1:2
SAMTEL INDIA,10	03/89	3.65	11.06	40.30	51.00	112.50	51.00	8.8		5.8	25.0	4.9	88	1:3
SANDOZ,10	12/87	5.30	19.68	47.13	134.50	137.50	78.75	3.0	4.1	44.8	16.0	1.2	84	2:7
SANDVIK ASIA,100	12/88	5.78	7.54	230.45	640.00	775.00	610.00	40.6	12.5	15.8	25.0	3.9	84	1:1
SCINDIA,20	06/87	18.95	3.79	24.00	7.25	12.50	6.00	-30.9					77	2:5
SEARLE,10	03/89	5.21	14.55	37.93	105.00	170.00	90.00	4.3	1.2	24.4	21.0	2.0	88	1:2
SESA GOA,10	03/89	5.15	9.80	29.03	65.00	70.00	26.00	2.1		31.0	14.0	2.2	86	2:5
SHAW WALLACE,10	03/89	12.00	27.76	33.13	84.00	102.00	65.00	9.8	5.2	8.6	30.0	3.6	87	1:1
SHRIRAM FIBRES,10	09/87	10.33	22.69	31.97	55.00	94.00	12.00	2.7		20.4	20.0	3.6	82	1:2
SIEMENS,10	09/88	20.77	58.30	38.07	76.00	114.00	52.50	3.3	1.2	23.0	16.0	2.1	86	1:4
SILTAP CHEMICAL,10	03/88	1.80	-0.76	5.78	63.75	75.00	45.00	-4.2						
SIPTA COATED,10	03/89	9.35	11.53	22.33	21.00	27.00	15.00	1.3		16.2	17.0	8.1		
SKF BEARINGS,100	03/89	24.70	35.39	243.28	1300.00	1510.00	880.00	68.0	33.9	19.1	30.0	2.3	89	1:1
SOUTHERN PETRO,10	03/89	34.00	274.92	90.86	46.50	68.00	39.00	4.1	11.3	11.3	20.0	4.3	86	1:1
SPARTEK,10	03/89	2.85	7.62	36.74	105.00	130.00	71.25	10.0		10.5	25.0	2.4	89	3:5
SPECIAL STEEL,100	03/89	17.09	14.36	184.03	1080.00	1200.00	470.00	157.5	67.3	6.9	40.0	3.7	89	1:2
STANDARD IND, 100	03/89	11.06	37.68	440.69	542.50	542.50	215.00	51.3		10.6	20.0	3.7	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	9.50	10.50	8.00	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	12/87	10.14	73.61	82.59	86.00	86.00	45.00	4.0	1.3	21.5	20.0	2.3	72	1:2
SU-RAJ DIAMOND,10	03/89	4.77	9.72	30.38	66.00	108.75	56.00	14.4	6.5	4.6	20.0	3.0		
SUND CLAYTON,10	05/88	9.48	23.99	35.31	67.00	68.00	44.00	9.9		6.8	25.0	3.7	87	2:3
SUND FASTENERS,10	03/89	5.10	9.80	29.22	76.00	81.00	50.00	6.6	3.9	11.5	25.0	3.3	88	3:5
SUND FINANCE,10	03/89	6.00	16.22	37.03	64.00	74.00	42.00	10.9	4.3	5.9	30.0	4.7	86	1:1
SUPREME INDUST,10	06/89	1.80	6.48	46.00	235.00	260.00	190.00	19.1		12.3	45.0	1.9	87	1:1
SWAD POLYTEX,10	03/89	3.90	11.77	40.18	39.00	57.50	28.00	8.9	3.7	4.4		8.8		
SYNTH & CHEM,10	03/89	5.81	9.75	26.78	71.00	75.00	48.00	10.9	2.3	6.5	25.0	3.5		
TATA CHEMICALS,10	03/89	44.50	214.05	56.10	120.00	127.50	102.00	8.0	4.6	15.0	31.0	2.6	89	1:2
TATA LOCO,100	03/89	103.67	308.74	397.81	1060.00	1072.50	670.00	67.6	8.7	15.7	25.0	2.4	82	2:5
TATA OIL,25	03/89	8.11	21.45	91.12	70.00	77.50	55.00	6.6		10.6	15.0	5.4	81	1:5
TATA POWER,100	03/88	21.22	68.24	421.58	377.50	447.50	310.00	89.1	80.8	4.2	16.0	4.2	75	1:5
TATA PRESS,10	03/89	1.57	6.34	50.38	62.50	65.00	45.00	5.3	3.2	11.8	22.0	3.5		
TATA STEEL,10	03/89	156.09	645.53	51.36	119.25	154.20	103.00	9.9	4.3	12.0	30.0	2.5	86	2:5
TATA TEA,10	03/89	17.10	78.79	56.08	183.00	201.50	115.71	8.0		22.9	50.0	2.7	88	3:5
TATA UNISYS,10	03/89	4.38	4.92	21.23	67.50	97.50	67.50	5.8	2.2	11.6	27.5	4.1	87	2:5
TEXMACO,10	03/89	1.87	11.06	69.14	53.00	68.00	30.50	-48.0						
TINPLATE,10	03/89	10.14	11.11	20.96	33.00	42.00	21.00	4.3		7.7	15.0	4.9		
TUBE INVESTMENT,10	12/87	5.73	28.62	59.95	66.50	73.75	27.50	7.0	4.2	9.5	20.0	3.0	85	1:3
TUTICO ALKALIES,10	03/89	12.94	-2.63	7.97	13.00	19.00	11.00	1.8		7.2	60.0	46.2		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	14.00	26.00	12.00	1.3		10.8				
TWENT.CENT,10	03/89	8.88	10.36	21.67	25.50	26.50	14.00	4.0	2.4	6.4	22.0	8.6	88	2:5
UNION CARBIDE,10	03/89	32.58	38.04	21.68	22.00	29.00	18.00	1.7		12.9	12.0	5.5	80	1:2
UNIT BREWERIES,10	06/88	4.00	9.53	33.82	58.50	70.50	36.50	7.1		8.2	20.0	3.4	86	1:1
UNIT PHOSPHORUS,10	12/87	2.80	2.66	19.50	57.50	69.00	37.00	0.4	-1.1	143.8	10.0	1.7		
UPCOM CABLES,10	03/89	5.92	1.88	13.18	52.00	53.75	32.00	4.3		12.1	20.0	3.8		
VAM ORGANIC,10	03/89	5.16	20.35	49.44	161.25	177.00	121.00	20.2	10.7	8.0	35.0	2.2		
VARELI,10	03/88	7.29	13.49	28.50	22.75	35.00	21.25	5.7	0.7	4.0	22.0	9.7		
VIDEOCON INT,10	03/89	2.75	6.91	35.13	177.50	195.00	60.00	23.0		7.7	40.0	2.3		
VINDHYA TELE,10	03/89	3.90	9.26	33.74	128.75	142.50	107.50	17.1	7.6	7.5	22.5	1.7		
VOLTAS,100	03/89	13.23	34.84	363.34	940.00	990.00	450.00	111.8	50.3	8.4	14.0	1.5	89	1:2
VST INDUSTRIES,10	03/89	6.03	13.81	32.90	35.00	35.00	12.00	5.3	2.3	6.6	50.0	14.3	89	3:5
WALCHAND,100	09/88	3.00	2.46	182.00	19.00	27.50	11.00	2.0		9.5			82	1:2
WARREN TEA,10	03/88	3.90	11.49	39.46	142.50	150.00	61.25	8.9		16.0	30.0	2.1	86	1:5
WIMCO,10	12/87	12.67	5.34	14.21	24.50	31.50	15.50	-5.8	-4.6				70	1:5
ZENITH,10	12/88	9.15	17.20	28.80	56.00	79.00	50.00	5.2	2.3	10.8	30.0	5.4	87	1:4
Z F STEERING,10	03/89	2.25	1.02	14.53	48.50	77.50	47.00	2.6		18.7	10.0	2.1		
ZUARI,10	03/89	12.43	57.09	55.93	77.00	87.50	57.50	7.8		9.9	35.0	4.5		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per shares for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price

Company fixed deposits (current for November 1989)

Name of the company	Minimum Amount	Rate of interest		
		1 year	2 year	3 year
ACC	3000	11.5	12.5	14.00
APOLLO TYRES	5000	13.00	13.50	14.00
APOLLO HOSPITAL	1000	13.50	13.75	14.00
AXLES INDIA LTD	3000	—	13.50	14.00
BEST & CROMPTON	3000	13.00	13.50	14.00
BERGER PAINTS	3000	12.00	13.00	14.00
BHADRA PAPER	3000	—	—	14.00
BAGALKOT UDYOG	2000	—	14.00	14.00
BAJAJ HIND	1000	—	13.00	14.00
BLUE BLENDS	3000	—	13.00	14.00
BOROSIL GLASS	3000	—	13.00	14.00
BURROUGHS WEL	3000	—	13.50	14.00
BOMBAY DYEING	3000	9.50	13.00	14.00
BIHAR SPG IRON	2000	14.00	14.00	14.00
CEAT TYRES	3000	—	12.50	14.00
CHOWGULE AND CO	2000	13.00	14.00	14.00
CYNAMID	3000	—	—	14.00
CHEM & PLASTICS	2000	—	—	14.00
DCW LTD	3000	12.50	13.50	14.00
DEEPAK NITRITE	3000	—	13.00	14.00
DUNCANS AGRO	2000	13.50	14.00	14.00
GENELEC	3000	13.50	14.00	14.00
GUJ HEAVY CHEM	3000	13.50	14.00	14.00
GODFREY PHILIPS	3000	12.50	13.00	14.00
GRAUER & WEIL	3000	—	13.00	14.00
HOECHST	5000	—	—	14.00
HIND SUGAR	2000	—	13.00	14.00
HIND ALLOYS	3000	13.00	13.50	14.00
HILTON RUBBERS	2000	14.00	14.00	14.00
ITC LTD	5000	—	—	14.00
INSTRUMENTATION	1000	10.50	11.50	13.00
INDIA CEMENTS	3000	13.00	14.00	14.00
INDIAN PLYWOOD	1000	13.50	14.00	14.00
INCAB	2000	13.00	13.50	14.00
IVP	2000	—	14.00	14.00
JK IND	3000	—	13.50	14.00
JK SYNTHETICS	3000	14.00	14.00	14.00
KIR INVEST	2000	—	14.00	14.00
KINETIC ENGG	3000	—	13.00	14.00
KELVINATOR	2000	12.50	13.50	14.00
KEC INT	2000	—	—	14.00
L&T	3000	11.00	12.50	14.00
LUPIN LABS	4000	13.00	14.00	14.00
MUKAND	3000	11.00	12.50	14.00
MAHIN & MAHIN	2000	11.00	13.00	14.00
MODI XEROX	2000	13.50	14.00	14.00
MRF LTD	1000	12.50	13.50	14.00
MUSCO	3000	—	—	14.00
MCLEOD RUSSEL	4000	—	13.00	14.00
MCDOWELL	3000	12.00	13.50	14.00
MADS MOTOR FIN	1000	—	14.00	14.00
MODERN THREADS	2000	14.00	14.00	14.00
MODERN SYNTEX	1000	—	14.00	14.00
NAGARJUNA STEEL	2000	14.00	14.00	14.00
NEEDLE ROLLER	—	2000	13.00	14.00
POLYCHEM	2000	13.00	13.50	14.00
PREMIER AUTO	3000	12.00	13.00	14.00
PHILIPS CARBON	1000	13.00	13.50	14.00
PUDUMJEE PULP	3000	12.50	13.00	14.00
PRAKASH PIPES	2000	14.00	14.00	14.00
PRECISION FAST.	2000	—	14.00	14.00
RELIANCE	5000	—	—	14.00
RATHI ALLOYS	3000	14.00	14.00	14.00
STEEL AUTHORITY	5000	10.50	11.50	13.00
SAKTHI FINANCE	1000	—	14.00	14.00
SIEMENS	5000	—	—	14.00
SESA GOA	2000	13.00	13.50	13.00
SAIL	5000	10.50	11.50	14.00
SHAW WALLACE	3000	—	13.00	14.00
STRAW PRODUCTS	3000	13.00	13.50	14.00
TCI	2000	14.00	14.00	14.00
TELCO DEALERS	3000	—	—	14.00
THAPAR AGRO	1000	14.00	14.00	14.00
USHA MARTIN	3000	—	—	14.00
UPTRON	3000	—	13.50	14.00
UNITECH	5000	14.00	14.00	14.00
VARELI TEXT	3000	12.00	13.00	14.00
VAZIR GLASS	—	2000	14.00	14.00
VIP INDUS	2000	—	14.00	14.00
WESTERN INDIA	1000	—	14.00	14.00
WS INDUS	2000	13.50	14.00	14.00
WIPRO LIMITED	4000	—	—	14.00
ZUARI AGRO	2000	—	—	14.00

Cumulative deposit scheme (current for November 1989)

Name of the company	Minimum Deposit	Maturity amount	Period (years)	Annual compound rate of interest (%)
ACC	3000	4503	3	14.90
ASEA	3000	4533	3	14.93
APOLLO TYRES	3000	4555	3	14.94
APPLE INDUSTRIES	1000	1522	3	15.03
AXLES INDIA LTD	3000	4544	3	14.94
BERGER PAINTS	3000	4533	3	14.93
BATA	3000	4503	3	14.90
BAKELITE HYLAM	2000	3030	3	14.85
BURROUGHS WEL	3000	4555	3	14.94
BAJAJ	2000	3036	3	14.93
BIHAR SPG IRON	2000	3037	3	14.93
BEARDSELL	2000	3036	3	14.93
BEST & CROMPTON	3000	4554	3	14.94
BLUE BLENDS	3000	4533	3	14.93
CHOLAMANDALAM	1000	1518	3	14.93
CHOWGULE	2000	3022	3	14.74
CARBURATORS	1000	1520	3	14.98
DCW LTD	3000	4553	3	14.93
DCL FIN	1000	1518	3	14.94
DUNLOP	3000	4533	3	14.93
DUNCANS AGRO	2000	3036	3	14.93
ESCORTS	3000	4500	3	14.90
FIRST LEASING	1000	1518	3	14.94
GUJARAT STEEL	2000	3001	3	14.25
GENELEC	3000	4554	3	14.94
GUJARAT AMBUJA	3000	4555	3	14.94
GTC IND	3000	4533	3	14.93
GODFREY PHILIPS	3000	4533	3	14.75
HIND CONST	3000	4533	3	14.93
HIND ALLOYS	3000	4533	3	14.93
HILTON RUBBERS	2000	3036	3	14.93
ITC LTD	5000	7555	3	14.75
INCAB IND	2000	3022	3	14.90
INDIA CEMENT	3000	4542	3	14.85
INSTRUMENTATION	1000	1475	3	13.83
JAYANT VITAMINS	3000	4503	3	14.90
J.K. SYNTHETICS	3000	4500	3	14.47
KIR INVEST	2000	3036	3	14.93
KEC INT.	2000	3002	3	14.76
KREST DEV	1000	1518	3	14.93
KANORIA CHEM	3000	4533	3	14.93
KAMALA SOLVENT	1000	1518	3	14.76
LUPIN LABS	5000	6072	3	14.93
L&T	3000	4468	3	14.20
MODI XEROX	2000	3036	3	14.93
MODI RUBBER	2000	3037	3	14.94
MCLEOD RUSS	4000	6044	3	14.74
MODERN THREADS	2000	3036	3	14.93
MODERN SYNTEX	1000	1511	3	14.74
MADS MOTOR	1000	1520	3	14.93
NAGARJUNA STEEL	2000	3036	3	14.93
NAMDANG TEA	4000	6044	3	14.74
PARAS SYNTH	3000	4560	3	14.98
PEICO	3000	4502	3	14.49
PHILIPS CARB	1000	1511	3	14.74
PRECISION FAST	2000	3022	3	14.90
PADAMJEE PULP	3000	4533	3	14.75
PREMIER AUTO	3000	4502	3	14.49
RAPICUT CARB	2000	3036	3	14.93
RELIANCE	5000	7550	3	14.75
RATHI ALLOYS	2000	3040	3	14.98
SAIL	5000	7375	3	13.83
SAKTHI FINANCE	1000	1518	3	14.94
SAIL	2000	2950	3	14.34
SHRIRAM FIBRES	2000	3022	3	14.75
SESA GOA	3000	3035	3	14.91
STRAW PRODUCTS	3000	4533	3	14.93
THAPAR AGRO	5000	4533	3	14.75
TATA TELECOM	2000	7504	3	14.49
TIRUCHI FLOUR	2000	1518	3	14.76
UNITED BREW	5000	3022	3	14.73
UNITECH	3000	7555	3	14.75
USHA ALLOYS	3000	4554	3	14.93
USHA MARTIN	3000	4533	3	14.93
UPTRON	3000	4533	3	14.75
VARELI TEXT	1000	4535	3	14.75
VAZIR GLASS	2000	3036	3	14.91
VIP IND	2000	3022	3	14.90
WESTERN INDIA	1000	1518	3	14.93
WS INDUS	2000	3022	3	14.75
WIPRO LIMITED	4000	6003	3	14.49
ZUARI AGRO	2000	3037	3	14.94

Note: The list given above is selection of many companies which accept deposits from their shareholders or from the public. Companies offer somewhat lower rate compared to many quite sound private limited companies of partnerships. Readers are advised to take suitable professional advice.

Sole winner

Given below is a new list of six scrips, and their closing prices on 3 November 1989. Pick the share that you think will rise the most in percentage terms by 1 December 1989 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Contest you don't have to predict the price of the shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 1 December 1989. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course your last rank will be five).

After the introduction of our new contest, we have been happy to have winners. For the contest under review, we have just one winner — Rajan A. Pradhan — to bag the prize money. In fact, this is the first single winner after our new contest was introduced.

Rules:

1. There is no entry fee.
2. The price mentioned last in the official quotation list of the stock exchange will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.
3. Entries must be on the printed form given below. Any other entries will be disqualified.
4. Only one entry will be permitted per form.
5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 24 November 1989.
6. **Business India**'s decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.
7. The contest is open only to residents of India. No employee (or any direct relation an employee) of the **Business India group of publications** is entitled to enter the contest.
8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Friday, 3 November 1989 (Rs.)	Rank as on Friday, 1 December 1989 (please fill in number)
Ballarpur	157.50	
Indian Sewing	77.50	
L&T	90.00	
NOCIL	1,340.00	
TELCO	1,060.00	
Tata Metals	700.00	

Name:

Address:

Age:

Profession:

Date:

IC3

It's a mega-opportunity time... as galvanised steel meets cold-rolled steel.

THE PAST

- **Committed Management:** By setting a record in completing the 35,000 t.p.a. GP/GC Steel Sheets project in just 13 months, and by achieving 100% capacity utilisation within just 23 days of commencing commercial production.
- **Technical Collaboration:** With the world leaders in GP/GC Steel Sheets to ensure the highest quality of product.
- **Meeting the ever-growing Demand:** By expansion of the GP/GC Steel Sheets production capacity to 65,000 t.p.a.

THE PRESENT

- The Company has achieved **No. 1 position in the GP/GC Steel Sheets Industry** in terms of annual production.
- **Profitable Backward Integration:** With a view to improving the raw material availability, Sipta is setting up a 50,000 M.T. per annum Cold Rolling Steel Coils plant at Nanded, Maharashtra.
- **Most economical capital cost:** CR Steel project is being set up at a total capital outlay of about Rs. 29 crores. Project expected to be commissioned by June, 1990.
- **Demand for CR Steel Coils:** Estimated at 17.50 lac tonnes in 1990 and 28 lac tonnes in 1993.
- **Import Substitution:** The total imports of CR Steel Coils in 1988-89 was worth about Rs. 450 crores. The imports are likely to continue.

THE FUTURE

- Backward integration will ensure **an uninterrupted supply of CR Steel Coils**—the major raw material for GP/GC Steel Sheets.
- **Higher Value Addition:** Around Rs. 20 crores after the CR Steel Strips plant is commissioned and this will raise the overall profitability.
- **Foreign Exchange Savings:** For the first 3 years will be in the region of Rs. 55 crores.

THE FINANCIALS

- **Impressive Financial Performance:** With turnover crossing the Rs. 129 crores mark in 1988-89—64% higher than the previous year's sales, on an annualised basis.
- **Consistent Dividend Record:** From the very first year of commencing commercial production.

THE ISSUE

- Rights Issue of 74,89,208 Equity Shares of Rs. 10 each at a premium of Rs. 5 per share
  and 9,36,151—14% Secured Redeemable Non-Convertible Debentures of Rs. 100 each,
  not linked to each other.
- **Attractive price—Rs. 15 per share.** The average monthly closing price of the Company's Equity Shares is Rs. 20.36 since listing.

sipta
COATED STEEL

SIPTA COATED STEELS LTD.

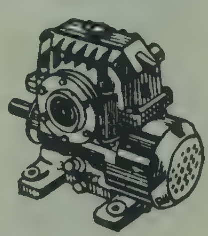
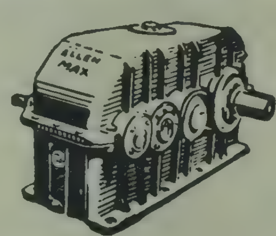
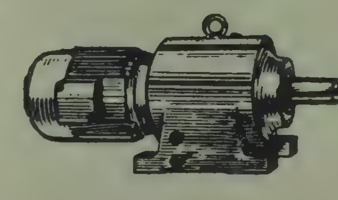
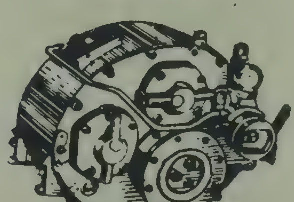
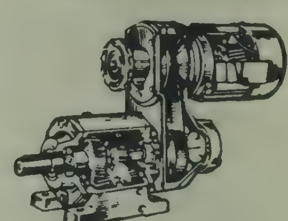
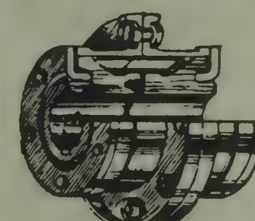
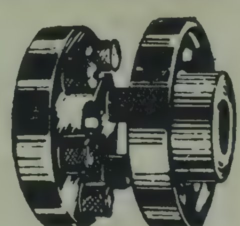
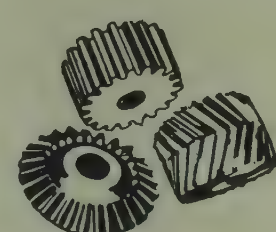
Regd. Office: 10th Floor, Chander Mukhi, Nariman Point, Bombay 400 021

The success story... continues

RIGHTS ISSUE CLOSES ON 22ND NOVEMBER, 1989

CLEA/768/SCS/A

None can beat us in range, quality and precision. After all, we are the pioneers in India and leaders too. We are fully geared to solve your problems right from selection to manufacture of the right equipment.

ALLROYD  WORM REDUCTION GEAR UNITS	**ALLEN-MAX**  HELICAL SPEED REDUCERS	**OPTIMAX**  GEARED MOTORS
SEAMAX  MARINE GEAR UNITS	**VARIMAX**  VARIABLE SPEED UNITS	**ALLMAX**  CURVED TOOTH GEAR COUPLINGS
CENTRIMAX  CENTRIFUGAL CLUTCH	**FLEXIMAX**  PINTYPE FLEXIBLE COUPLINGS	 GEARS OF ALL DESCRIPTION

BOMBAY OFFICE:
Phone: 23-0232,23-1808
Gram: ALLENBERRY
Telex: 11-5662 NAWB
BANGALORE OFFICE:
Phone: 56-4759
Gram: GEARBOX
NEW DELHI OFFICE:
Phone: 33-21646,33-20516,33-21934
Gram: ALLROYD
Telex: 3161017 NAWD
HYDERABAD OFFICE:
Phone: 23-7109
Gram: ALLENBERRY
KANPUR OFFICE:
Phone: 210331 Gram: OPTIMAX
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—Rest assured, they are the latest and the best

PPS/NAW/89

Moving up steadily

...un Bewoor, *46, is managing director, ...ush Boake Allen (India) Limited*

...un Bewoor has made yet another strate-...c move. Vice president (corporate af-...irs) of Procter and Gamble India ...mited (P&GIL) for only less than a year, ... has welcomed the recent offer to head ...ush Boake Allen (India) Limited ...BAIL) as its managing director. "I felt it ...s time I headed a company, so I decided ... take on the challenge," says Bewoor. ...AIL, a Madras-based company with a ...cord turnover of Rs.20.5 crore (annu-...sed) for the year ended 31 March, man-...actures food colours, flavours, ...grances, essential oils, oleoresins and ...eciality chemicals.

...With an honours degree in science from ...ona University in 1962, Bewoor joined ...mco Limited the next year as an assis-...t sales manager. "Wimco was in a ...lers' market at that time and the basic ...jective was to ensure an equitable dis-...bution of its matchboxes all over the ...intry," he explains. This accomplished, ... was made advertising manager and ...fted to Bombay in 1970.

...terest in management. "The matchbox ...esented an exciting possibility as a sup-...mentary advertising medium," says Be-...or, who concentrated on promoting this ...dium. "For a while, it generated a good ...ome, until competing matchbox manu-...turers also offered their wares for a ...ilar purpose," he explains. By this ...e, Bewoor had developed an interest in ...nagement.

...hus, when the offer to join Procter and ...mble (India) Ltd (P&GIL), as its regional sales manager at Calcutta, came along in 1973, he grabbed the opportunity. His shift to Delhi in 1976 became more meaningful because, "Then came my real contribution, tapping the rural markets," says Bewoor. Suitable areas of concentration were earmarked depending on the population and their buying power.

Later, in 1981, as general manager, sales, at Bombay, he was involved in shaping P&GIL's sales force. In the short span of four years, the company had an effective sales team with 105 salesmen and 40 supervisors spread over four sales offices. However, the biggest break for the distribution network came in 1984, when P&GIL's products were termed ayurvedic. The number of outlets increased overnight from 75,000 to 275,000.

In 1986, Bewoor took over as vice president, sales. But, soon after, in 1987, he opted for a "hands-on selling experience" at P&G, Hong Kong, fully owned by P&G Worldwide, marketing products like Vicks Vaporub, Vicks Cough Drops and Pampers diapers. During this stint, Bewoor dealt directly with supermarket chains, research agencies and co-ordinated with the manufacturing unit in Malaysia. "It gave me an idea of how P&G thinks and made me a more complete sales manager", he maintains. He returned to India in October 1988, to take over as vice president, corporate affairs, at Bombay.

Potential for growth. And then came the BBAIL offer. The real attraction, Bewoor says is, "the potential for growth that the company presents, with the recent upswing in the food processing industry and the current emphasis in exports." Manufacturers of pharmaceuticals and liquor are the other large users of its products. The effort now is to capitalise on BBAIL's reputation for quality and become a major resource centre for Bush Boake Allen Worldwide.

The foreign company holds almost 40 per cent of BBAIL's equity, the other major shareholder being Vijay Mallya. "Our objective is to expand the Indian market and increase exports dramatically," says Bewoor. Already three major projects are on the anvil.

Bewoor enjoys reading and listening to light classical music, both Western and Indian. Other interests include tennis and billiards.

DHARANI K. PANI

FRONTRUNNERS

When **Pramod Bhawalkar** joined Asian Paints as a welfare officer, he was apprehensive lest his science background should go against him. A decade later, Bhawalkar, 32, is the plant personnel manager of the paint giant's Bhandup unit. Before taking up this assignment, he held senior positions at the Ankleshwar and Taloja plants of Asian Paints. He is frank about his stand vis-a-vis labour. "My convictions are clear. I work for the company, but I am not interested in harming anyone."

The next promotion could take Bhawalkar to the factory manager or corporate industrial relations manager's post, but he is in no hurry. "I don't mind being in the wings for another four years. I'll need all that time to prepare myself," he says.

R.B.

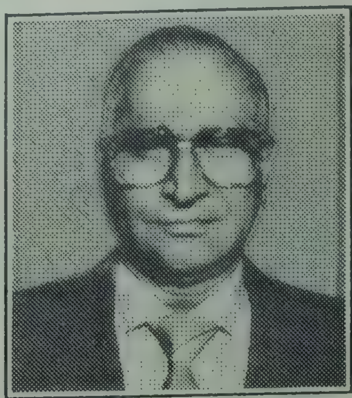
Ambition coupled with performance has been the key to the career of 33-year-old **Rahul Kapuria,** who recently joined Fedders Lloyd Corporation Ltd as the general manager of its profit centre in Bombay.

After completing his MBA from Lucknow University in 1979, the 23-year-old Kapuria decided to try his luck in Bombay, rather than accept job offers from UP- and Delhi-based companies. Starting as an assistant sales officer in Blowplast Ltd in 1979, he changed jobs four times.

Age, more often than not, has acted against the young manager. "Wherever I've worked, people reporting to me have always been older than I, leading to adjustment problems," he says.

Kapuria views his appointment at Fedders Lloyd as the management's bid to instil the spirit and initiative of youth in an office where the average age exceeds 45.

SG



Sri J.S. Krishna Murthy
VICE-CHAIRMAN & MANAGING DIRECTOR

VBC FERRO ALLOYS LTD.

8-3-1047, SRINAGAR COLONY, HYDERABAD-500 873

SPEECH DELIVERED BY MR. J.S. KRISHNA MURTHY, VICE CHAIRMAN & MANAGING DIRECTOR AT THE SEVENTH ANNUAL GENERAL MEETING HELD ON AUGUST 25, 1989.

Dear Shareholders,

It gives me great pleasure to welcome you all to the Seventh Annual General Meeting of the Company and it is once again my privilege to occupy the Chair and conduct the proceedings of the Meeting in the absence of our Chairman, Dr. N. Tata Rao, who is out of India.

OPERATIONAL REVIEW:
The year under review was a difficult year for your Company, particularly in view of severe power cuts imposed by the State Electricity Board and also in view of the steep increase in the power tariff on H.T. consumers effective from June 15, 1987. Inspite of this, your Company was in a position to absorb these adverse factors and was still left with a disposable surplus of Rs. 82.75 lacs which enabled your Directors to maintain the rate of dividend at 25% on a prorata basis for the 15 months period ended March 31, 1989.

CURRENT YEAR AND FUTURE PROSPECTS:
You are already aware of the precarious power situation in the State of Andhra Pradesh and, inspite of good monsoons, the industries are still subjected to severe power cuts. I am pleased to inform you that your Company has commissioned two Diesel Generating Sets of 2.27 MVA each on July 20, 1989 and the 3rd D.G. Set of same capacity has also been energised on August 18, 1989. With the commissioning of these 3 D.G. Sets, your Company is in a position to operate up to 90% of installed capacity and when the 4th D.G. Set of 2.27 MVA will be commissioned in October 1989, the deficit in APSEB power will be augmented upto 55% of our power requirement. You may be pleased to note that your Company is the first to install captive diesel generating plant in the Ferro Alloy industry in the country.

With the constraints in production due to power cuts being taken care by installation of captive power plants, your Directors look forward to the Current Year with cautious optimism. You may be pleased to note that during the first 4 months of the current year your Company had produced 1797 MT of different grades of Ferro Silicon and the turnover during this period was Rs. 419 lacs as compared to production of 831.14 MT and sales of Rs. 178 lacs during the corresponding period of the previous year. There has been a considerable improvement in the selling price of finished products consequent upon the installation of the refining plant and if this trend in production and sales is maintained during the rest of the Current Year, I am confident that your Company will be able to show exceedingly good results.

PROPOSED EXPANSION-CUM-DIVERSIFICATION:
Your Company has obtained re-endorsement of its existing capacity of Ferro Silicon from 10,000 TPA to 15,000 TPA and a licence has been received to manufacture 36,000 TPA of low-phosphorous Pig Iron. The expansion of Ferro Silicon capacity and diversification into manufacture of Pig Iron is estimated to cost Rs. 14.78 Crores. We have already placed an order on V/O Thermoexport, USSR for the supply of one 16.5 MVA Submerged Electric Arc Furnace under 10 years deferred payment credit. We have also arranged for captive power for the expansion-cum-diversification scheme by way of subscription to the equity share capital of Andhra Pradesh Gas Power Corporation Limited, which is setting up 3 x 33 MW Gas Turbines at Vijjeswaram near Kovvur in West Godavari District. The major portion of funds for the expansion-cum-diversification project will be secured by issue of fully convertible debentures to the shareholders and partly convertible debentures to the public. The details of the scheme are being worked-out and the same will be made known to you separately after the company receives the necessary approvals. The Company also proposes to reserve preferential allotment to the shareholders in the public issue and I am confident that you will extend your full support in making the issue a grand success.

Your Company has already approached Governemnt of India for issue of licence to manufacture 15,000 TPA of High Carbon Ferro Chrome/Charge Chrome and we expect to receive the letter of intent shortly. With the implementation of the above schemes, your Company will be a multi-product Company and it will be more resilient to face the challenges and adjust to the dynamic and volatile forces operating in the Ferro Alloy industry.

INDUSTRIAL RELATIONS:
The relationship between the employees and the management continue to remain very cordial and I take this opportunity to thank the staff and employees at all levels for their valued co-operation and assistance.

ACKNOWLEDGEMENT:
I thank all my colleagues on the Board for their wise counsel and guidance throughout the year and I also wish to acknowledge the co-operation and assistance received from the financial institutions, banks, State Electricity Board, various departments of Central and State Goverments and our co-promoter, APIDC.

Jai Hind.

(This does not purport to be a report of the proceedings of the Annual General Meeting).

LAA

Industrialists in Madras got together recently to witness one of their tribe being accorded a rare honour. The Austrian ambassador Christoph Conrad conferred the Golden Award on businessman **Harshad Chandulal (H.C.) Kothari.** The knight's cross — first class for his exemplary performance as honorary consul who's been promoting industrial collaboration and bilateral trade between the two countries. After a long 12 year term, Kothari hopes to keep

on going at the job. Among the select guests was N. Ram, the controversial associate editor of *The Hindu* who came in late. According to the grapevine, disgruntled Austrian sources, who lost out on the arms deal, have been more than co-operative in providing details relating to the Bofors issue which explains the guest list.

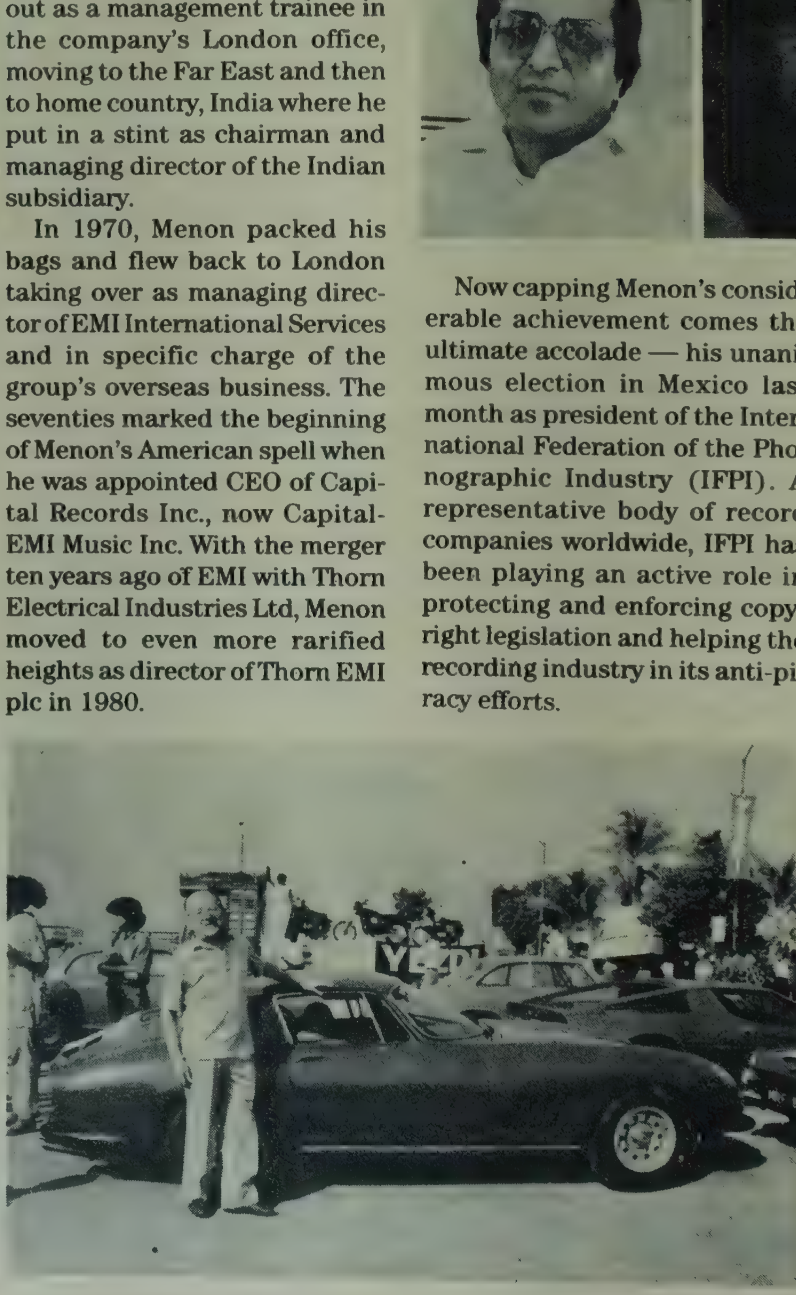
Its an irresistible combination: an Italian who has stayed in India for more than 30 years, has an Indophile wife, "prefers to commute" regularly between Milano and Bombay and is the managing director of Ital Viscosa (Italy) which manufactures and exports synthetic fibres from India in collaboration with South India Viscose and Baroda Rayon. Add to all these the title of Caveliere del Lavoro bestowed by the Italian government for establishing commercial links with India and *voila* — out steps **Cesare Rossi** from his 1966 model of the rare, superfast Ferrari 275 GTB/C Berlinetta Competizione, the car that Rossi calls his "most reliable girl".

A racing enthusiast, Rossi once again did his "girl" proud by winning the Indian Classic Car Parade held in Bombay last fortnight. Competition included babes like Maserati, Porsche, Alfa Romeo, Mercedes Benz 300 SLs, etc. But then, the Ferrari is priceless — out of 11 such cars that rolled out of the assembly lines, only four pieces remain. Cars apart, Rossi also possesses 14 Hussains and is an avid collector of old Persian carpets.

He's one of the better known Indian professionals on the international corporate circuit. For over three decades, **Bhaskar Menon** has worked and served well in various capacities with EMI Music Worldwide. Starting out as a management trainee in the company's London office, moving to the Far East and then to home country, India where he put in a stint as chairman and managing director of the Indian subsidiary.

In 1970, Menon packed his bags and flew back to London taking over as managing director of EMI International Services and in specific charge of the group's overseas business. The seventies marked the beginning of Menon's American spell when he was appointed CEO of Capital Records Inc., now Capital-EMI Music Inc. With the merger ten years ago of EMI with Thorn Electrical Industries Ltd, Menon moved to even more rarified heights as director of Thorn EMI plc in 1980.

Now capping Menon's considerable achievement comes the ultimate accolade — his unanimous election in Mexico last month as president of the International Federation of the Phonographic Industry (IFPI). A representative body of record companies worldwide, IFPI has been playing an active role in protecting and enforcing copyright legislation and helping the recording industry in its anti-piracy efforts.



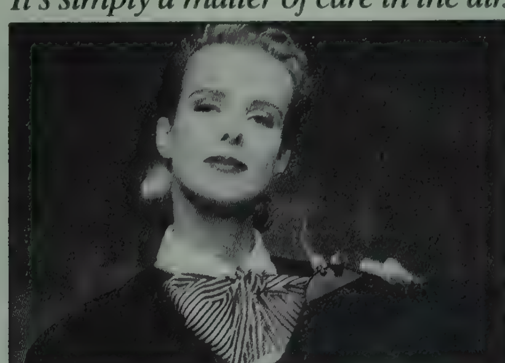
When **Narottam Sekhsari**a and his wife decided to at tend the Diwali Nite organise at Bombay's Oberoi Towers i aid of the Parents Associatio Thalassaem Unit Trust, they cer tainly didn't expect to add t their modest art collection. Bu at the end of the functior Sekhsaria found himself th owner of a B. Prabha canvas spe cially painted for the occasio and put up for auction. "I hadn' gone there specifically to pur chase anything," recalls the dap per managing director c Gujarat Ambuja Cements Ltc "But since nobody was bidding, just raised my hand and got it. At Rs.20,000 it was a steal fo Sekhsaria who regards art as " very good investment". He's bee buying regularly now since th past two to three years and mos acquisitions are on behalf of hi company. Sekhsaria confesse that he's been inspired by hi chairman Suresh Nevatia, noted art collector. So what's th beef? "Cement is such a du business. Our paintings help t liven up the atmosphere."

THE FINE ART OF FLYING

by Jenkins.

Phenomena Points North, South, East and West by Jenkins. Declaring himself an avid admirer of our style, the american painter, Paul Jenkins dedicated his vibrant work to the pleasure felt when flying on Air France wherever one goes. Which we feel is actually not really a phenomenum but, something you can expect everytime you fly with us.

It's simply a matter of care in the air.



THE FINE ART OF FLYING

AIR FRANCE

6, Scindia House, Janpath, New Delhi 110 001 Phone: 3312853

Maker Chamber VI, First Floor, 220, Nariman Point, Bombay-400 021 Phone: 2024818

PUBLICIS

graphisads/900

When car owners demand more kilometers from their tyres they trust India's No. 1 tyre manufacturer...

And you thought Modi Continental only makes India's best truck tyres?

You could hardly help thinking that.

After all Modi Continental's N416 and RL8 truck tyres have led the way on India's challenging highways for the last 14 years – and have set standards others are still trying to match.

And the same proven technology – backed by the world renowned tyre manufacturer, Continental Aktiengesellschaft, West Germany – has gone into making Modi Continental No. 1 in car tyres too.

What makes the T773 and R90 Executive the trusted choice?

T773 for Maruti

- New zig-zag ribs for extra grip
- Additional sipes pitched for better traction
- Extra strong nylon casing for longer life.

R90 Executive for Ambassador and Premier

- Sidewall protector prevents damage
- Extra rubber for extra mileage
- Deeper grooves for extra grip.

Plus! A nationwide network of 40 centres to ensure prompt after sales service.

Modi Continental car tyres. Excellence only India's No. 1 tyre manufacturer can offer.

CAR TYRES

No. 1 in tyres – technology, sales, exports

O&M/039/C

Modi Continental

MODI RUBBER LIMITED

CONTINENTAL

The tyre that never tires

New ways of wooing

f late, recruitment ads, or rather recruit-
ent "campaigns", in a strikingly unusual
yle have begun appearing in the press.
ake, for instance, the Network ad that
nged over ten glossy coloured pages. It
oke about the achievements of the com-
any, its "culture" and supportive envi-
onment, but nothing about "job
esponsibilities" or reporting relation-
ips or growth "prospects". Or consider,
e TVS Suzuki ad for a vice president,
arketing, with its visual of a naval cap-
in and the text written totally unlike re-
uitment ads, or the personalised signed
ds of ITC for "pupils" (fresh graduates),
the PCL ads. You are left wondering: Are
ese corporate image ads, or even, prod-
t ads? The hard sell and the hype of the
sual ad promising the moon in terms of
oney and growth is absent. Clearly, these
ds represent a qualitative change in the
anner in which candidates are being
ooed.

As most recruiters who have advertised
d done "head hunting" will acknowl-
dge, the wooing of candidates is the most
portant step in the recruitment pro-
ss. Many senior candidates anxiously
oking for a change like to be "invited" to
in and not be "appointed" to a position.
e crux is therefore in getting over the
mbarassment of the individual "ap-
ying" for a job or rather for an
ssignment.

personal touch

e personalised approach by the recruit-
g organisation making available the
me of the person to be contacted is a
st step in making it easy for the indi-
dual or a mutual "acquaintance" (in-
uding recruitment agencies) to just
ake a phone call. The formal biodata is
ft often to a much later stage, sometimes
a formality after a decision has been
ken.

And increasingly, recruiters realise that
e best candidates perhaps never read
e appointments pages since they don't
ed to. And, therefore, to generate inter-
t these ads must excite the curiosity of a
gh flier. The "challenge" and exciting en-
ronment of a company may be more im-
rtant factors for such candidates given
at the basics of competitive remunera-
n, etc are met.

All that a catchy ad must do is motivate
e "prospect" to get in touch. After that it
the selling skill of the recruiter, what he projects and communicates about his organisation, which determines the outcome. the "selling" ability of "selection" managers has also become crucial. A number of operational managers like to handle key recruitments themselves in the belief that they can better sell the job.

Recruitment interviews at all levels too have changed in tone and atmosphere. They are certainly informal and relaxed. The high pressure interview is out, even for management trainees. At senior levels, the interview is more in the nature of both recruiter and candidate sizing each other up on attitudes to business, ethics and human relations and ability to get on with each other. Very often, the recruiter has already done his homework on the candidate and does not need to know the basics.

Clearer perceptions

The attitude candidates bring to interviews too has changed considerably. It is generally assumed that the remuneration will be taken care of and is therefore tackled after both sides have made up their minds. In the initial stages candidates like to speak in terms of an "assignment" rather than a job or career. An "assignment" connotes a challenge, with a candidate taking on difficult goals. It is also an acknowledgement that he/she is planning his/her career "moves". Candidates are clearer on their perception of the kind of experience and exposure they feel is required to move up the corporate ladder. And any job is but one more step in the ladder.

TVS Suzuki recruitment ad: unusual

Once both parties have sized each other up and have come to some agreement, they get down to the nitty-gritty. The discussion on the pay packet and more so on the accompanying benefits, and facilities is quite detailed. Most interviewers will concur that candidates are, in general quite unabashed in discussing financial terms even at junior levels and this includes details of relocation costs to be borne and admissions for children. Interviewers, therefore, have to tactfully and candidly discuss all quantitative and "qualitative" aspects of remuneration, the hours of work and leave entitlements and prospects of overseas travel and training.

The hours of work, even at fairly junior levels, is also an important point of discussion. This fact indicates the importance of leisure to our managers as also the perception that some organisations tend to "exploit" managers by habitual prolonged long hours of work resulting in a lot of inconvenience to the family. This is especially so in the context of an increasing number of families with both husband and wife working.

Terms of employment

The other significant change is in the standard terms of employment. Increasingly, organisations are accepting the fact that employees may have their own private businesses or side employment. And the big issue is how to prevent a conflict of interest and yet get the employee's loyalty and attention at work. And to cater to this instinct of the employee to have his own little enterprise, many large companies (especially big Indian houses) feel that having senior managers whose own business fortune is dependent on the company's operations is the best way to ensure both continuity and loyalty.

Naturally, the appointment letter must also reflect the changed situation. Given the rampant pinching of staff from competitors, clauses to prevent or at least dissuade employees from joining competitors for a limited period of time are also becoming more common. Often there are also friendly agreements not to "poach" between companies/groups. This happens more so in companies with directors on each other's boards.

The conventions and ethics of the recruitment game have clearly changed and, for now, is in favour of the candidate.

■ ANITA RAMACHANDRAN

BHAI MOHAN SINGH

Montari Industries Limited

Speech of Bhai Mohan Singh, Chairman, Montari Industries Limited, to Shareholders at the 6th Annual General Meeting held on 27th September, 1989.

I have pleasure in welcoming you all to this 6th Annual General Meeting of your Company.

Consequent to the amendment of Income Tax Act, 1961, requiring all Companies to adopt a uniform accounting year, your Company has changed the closing of its financial year from April to March and accordingly the statement of Accounts and the Directors' Report, this time, covers a period of 11 months, i.e. from 1st May, 1988 to 31st March, 1989.

The Year in Perspective:

You would have observed from the Annual Report and Accounts Statement that your Company made very substantial progress during the period under review and Company's turn-over for the 11 months' period more than doubled to Rs. 2074 lacs on an annualised basis. There was also significant improvement in profitability—with the profit (before depreciation and tax) of Rs.110 lacs. However, as a result of the brought forward loss from the previous year, the Company has still to carry forward a net shortfall of Rs.44 lacs.

Operations:

It is a matter of great satisfaction that the Company's products have found wide acceptability in the market. This, along with the favourable agro climatic conditions, has led to doubling of the Company's turn-over. The Company has steadily widened its marketing network and has, thus, registered its presence in all the major agricultural markets of the country. I may add, however, that while in most cases the sales volumes and the margins have improved, the position regarding Butachlor Technical still continues to be rather difficult. This is primarily due to the fact that even though substantial capacity for manufacture of Butachlor Technical has been installed in the country, the Govt. continues to allow the import of Butachlor Technical, resulting in overseas companies dumping the material in the Indian market at low prices to oust the local producers. This makes it extremely difficult to market the product at break-even price let alone any profit margin. For this reason, your Company had to cut the output of Butachlor Technical.

The Company has represented, once again, to the Govt. of India that imports of Butachlor Technical must be banned keeping in view the substantial production-capacity currently existing in the country. Not to do so would defeat the Govt's own objective of attaining self-reliance at the earliest. There is a further need to rationalise import duty on raw materials used in the manufacture of Butachlor Technical. We have approached the Govt. in this regard also and hope the Govt. will respond favourably.

Exports:

I am happy to report that Company's export activities are growing fast. Our exports during the eleven month period under review amounted to Rs. 300 lacs, inclusive of our own products and merchant exports.

You would be glad to know that in recognition of its commendable performance in the sphere of exports the Government of India has categorised MONTARI INDUSTRIES LTD. as a "STAR EXPORTER".

The Company currently has a number of enquiries in hand for large volumes of exports of its products. Your Company can, therefore, look forward to substantial volume increase in the years ahead.

Current Year:

The upward trend in Company's growth continues with good results. Sales for the first five months of the current year have improved substantially compared to those of the corresponding period last year.

During first five months Company achieved a sales turn-over of Rs.1,437 lacs against Rs. 898 lacs during the same period last year, representing a growth of 60%. Hoping that agro climatic conditions would remain favourable, your Company expects a bigger improvement in sales during the current year.

Expansion/Diversification Programmes:

Friends, I feel happy in informing you that, with a view to strengthening Company's technological base we have identified a group of technical grade pesticides the manufacturing of which will be taken up in the next 12 to 15 months. Technology for these technicals has been developed in-house. Their introduction will help the Company to widen its products portfolio and also improve profitability.

Further, you will be glad to know that a Memorandum of Understanding has been signed with a highly reputed U.S. multi-national having world-wide business, for entering into a Joint Venture for the manufacture of a new range of products. Application for Govt's approval for this has already been submitted.

We realise that India's economic growth and prosperity depends on its agricultural sector. Your company has set before itself well defined objective of assisting in the rapid growth of Agriculture by providing Agro Chemicals which are vital for achieving improved agricultural productivity. The fact that our business is associated with the most important sector of the economy, gives us the confidence and determination to consolidate and improve our performance in the future.

Punjab Situation

A climate of perfect Peace is, indeed, a vital pre-requisite for industrial growth. Frequent happenings resulting in disturbed conditions in certain areas of the state have caused us deep concern. I take this opportunity to make a fervent appeal to all concerned to forget the ugly past without making it a point of prestige. This is the minimum we owe to the land which has always done us proud through the divine precepts of the great saints and masters and the strength of its people.

Before closing, I would like to place on record my gratitude and appreciation to my colleagues on the Board for their mature advice and guidance and to all ranks of the organisation for their dedicated efforts. I am also grateful to Punjab Agro Industries Corporation for their co-operation, and to our Bankers, the trade and suppliers for their support.

I look forward to their continued co-operation in the years ahead.

Thank you, Ladies & Gentlemen, and
Jai Hind

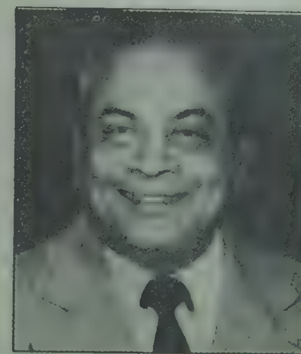
Bhai Mohan Singh
CHAIRMAN

(Note: This does not purport to be a record of the proceedings of the A.G.M.)

.R. Bagchi has taken
er as chief general
nager of State Bank of
lia, Bangalore circle.

E. Jaiwant Paul has joined the board of directors of MAA Communications Pvt. Ltd.

G. Shekhar has been appointed as corporate banking manager, western region, of the American Express Bank Ltd., Bombay.



C.R. Ramakrishnan has been re-appointed director of Larsen and Toubro Limited, for a further period of two years.

G. Muthanna has
en over as general
nager (marketing),
stern Area, of Bharat
roleum Corporation
.

K.S. Ramakrishna has been appointed general manager (EDP) of Bharat Petroleum Corporation Ltd.

R.N. Lakhotia has been appointed director of the Rajdhani Oil & Oilseeds Exchange Ltd.

K.S.H. Rao has joined Mudra Communications as vice-president.

Subhamani Naganna Busi, has been re-designated group general manager (vigilance) of Hindustan Zinc Limited.

V.P. Sardana has taken over as general manager of the Burnpur works of Indian Iron and Steel Company. **K.N. Ghosh** and **V. Gujral** have been appointed general managers for finance and projects, respectively, of the company.

Frederick Jacob D'Souza has taken over as managing director of Patel Air Board Couriers Pvt Ltd.

Sushil Kumar has taken over as managing director of Patel Roadways Ltd.

Y.R. Trivedi has been promoted as executive director of Indian Petrochemicals Ltd, Baroda.

M.R. Subramaniam has been appointed president of Carburettors Ltd.

P.N. Devaya, formerly with packaging division of Paharpur Cooling Towers, has been appointed general manager, Franchise Operations at Apple Industries Ltd.

N. Padmanabhan has been promoted executive director of Indian Petrochemicals Corporation Ltd; Nagothane Maharashtra.

H.M.H. Moormann has been appointed general manager and chief executive officer of ABN.

ASSOCIATIONS

M. Sheth has been
cted president of the
India Exporters'
mber.

antilal M. Morakhia
been re-elected as
sident of the Bombay
al Exchange Ltd.
rad S. Parikh and
htawar C. Ranka
e co-opted onto the
hange's board of
ctors.

M.N. Savani has been elected vice-president of the All India Exporters' Chambers for the year 1989-90.

Vijay V. Merchant was re-elected president of the All India Plastics Manufacturers' Association for the year 1989-90.

Shivaji Sood has been elected president of the Tool & Alloy Steels Association.

Nayan C. Parikh has been elected president of Bombay Chartered Accountants Society.

Harkishanbhai has been re-elected president of the Saurashtra Textile Mills' Association. **Jayantilal V. Shah** has been elected vice-president.

K. Bala Hariharan has been elected president of the Cochin Chamber of Commerce and Industry. **Pamela Anne Mathew** has been elected vice-president.

B.R. Naidu has been elected national president of the Indian Federation of Small and Medium Newspapers.

Senior executive positions

A compilation of executive positions advertised in **Business Ind**[illegible] and other major publications between 24 October and 5 Novemb[illegible] 1989

NATIONAL

- PRESIDENTS (2) * NS * *Sal* Attractive * *Age/Qlfn* 45-50 years * Graduate engineers or chartered accountants * *Reqd* Experience of putting up large projects from greenfield stage or excellent track record in large, well organised unit * *Cont* Quest Consultants & Engineers Pvt Ltd, 8/1 Chapel Road, Calcutta 700 022 (BI - 30.10)
- VICE-PRESIDENT (Field Services/Procurement) * NS * *Sal* Attractive * *Age/Qlfn* NS * Graduate in Mechanical Engineering * *Reqd* Experience in procurement of fabricated steel items. Required to go to site * *Cont* The President, SICO Water Technologies, 72/73 Free Press House, Free Press Journal Road, 215 Nariman Point, Bombay 400 021 (BI - 30.10)
- HEAD OF PRODUCT DEVELOPMENT * NS * *Sal* Attractive * *Age/Qlfn* 30-45 years * Graduate in engineering, liberal or fine arts with management degree * *Reqd* Experience in the management of product development function or marketing of fashion products or personal wear * *Cont* The Vice-President, Titan Watches Ltd, Sona Watches Ltd, Sona Towers, 71 Miller Road, Bangalore 560 052 (TOI 30.10)
- GENERAL MANAGER (Offshore) * NS * *Sal* Rs.3,000-100-3700 (under revision) * *Age/Qlfn* 50 years * Degree in Mechanical/Marine/Electrical/Civil Engg/Naval Architecture or MOT I class certificate in diesel * *Reqd* 20 years experience with 8 years in a senior position. Analysis of cost benefit of project * *Cont* Deputy General Manager, Hindustan Shipyard Ltd, Vishakhapatnam 530 005 (H-1.11)

WEST

- GENERAL MANAGER * Bombay * *Sal* NS * *Age/Qlfn* 40-45 years * Degree with additional qualifications in secretarial/legal accounts * *Reqd* Experience of EDP/share related work * *Cont* The Director, Reliance Consultancy Services Ltd, P.B.No.11717, Bombay 400 021 (TOI 24.10)
- GENERAL MANAGER * Kankroli, Udaipur * *Sal* NS * *Age/Qlfn* 45 years * Graduate Mechanical Engineer/Mining Engineer * *Reqd* Knowledge of mining administration, liaison with the states mining dept and other govt. depts. * *Cont* The Managing Director, Mewar Marbles Ltd, 44A, Mittal Tower, Nariman Point, Bombay 400 021 (S - 25.10)
- TECHNICAL ADVISER (Formulations Bulk Drugs) * Bombay * *Sal* Around 40 years * *Age/Qlfn* Post Graduate Degree or Doctorate in Science or Pharmacy * *Reqd* Valuable experience in related field * *Cont* Joint Managing Director, Themis Pharmaceuticals, 38 Suren Road, Andheri (E), Bombay 400 093 (BI 30.10)
- GENERAL MANAGER (Fermentation) * Bombay * *Sal* Attractive and negotiable * *Age/Qlfn* 37-45 years * Graduate/post graduate in chemical engineering/microbiology * *Reqd* 15-20 years experience of which 5-7 years at senior level * *Cont* Dept. of Human Resources Management, Lupin Laboratories Ltd, 159 CST Road, Kalina, Santacruz (East), Bombay 400 098 (BI - 30.10)
- PRESIDENT * Bombay * *Sal* Attractive * *Age/Qlfn* NS * Post graduate management qualifications * *Reqd* 20-25 years experience * *Cont* Advisor, Nippon Denro Ispat Ltd, 802 Raheja Centre, 214 Nariman Point, Bombay 400 021 (TOI - 30.10)

[illegible]

- GENERAL MANAGER * Madhya Pradesh * *Sal* N.S. * *Age/Qlfn* 40-45 years * Textile Technologist * *Reqd* 3-5 years experience in organisation of repute in similar position * *Cont* Executive Director, Hind Syntex Ltd, 1A/8A Industrial Area, Agra--Bombay Roa[illegible] Dewas 455 001 (TOI - 26.10)
- GENERAL MANAGER (Corporate Marketing) * Delhi * *Sal* Negotiable * *Age/Qlfn* 35-40 years * Engineer/MBA * *Reqd* 15 yea[illegible] experience with 5 years on Head of the Marketing Division * *Co*[illegible] Marketing Director, The Times of India, 7 Bahadurshah Zafar Mar[illegible] New Delhi 110 002 (TOI - 28.10)
- VICE-PRESIDENTS * North India * *Sal* NS * *Age/Qlfn* NS * NS[illegible] *Reqd* Sound engineering background, strong administrative ab[illegible]ity, thorough knowledge of metallurgical processes * *Cont* B.[illegible] Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Roa[illegible] Calcutta 700 019 (S - 29.10)
- VICE-PRESIDENT (Finance) * New Delhi * *Sal* Attractive * *Ag*[illegible] *Qlfn* NS * Qualified Chartered Accountant * *Reqd* 15 years expe[illegible]ence in a reputed engineering/construction company with 5 yea[illegible] in a responsible senior position * *Cont* The Vice President (Pers[illegible] Admin), Dodsal Ltd, Naveen Complex (6th floor), 14 M.G.Roa[illegible] Bangalore 560 001 (TOI - 30.10)

EAST

- DIRECTOR (Finance) * Burdwan Dist (West Bengal) * *Sal* Rs.5,6[illegible] (approx.) * *Age/Qlfn* 45 years * Chartered/Cost Accountant * *Re*[illegible] 15 years experience in govt. undertakings/corporations, knowled[illegible] of govt. practices and procedures * *Cont* Personnel Manager, D[illegible]rgapur Chemicals Ltd, P.O. Durgapur 713 215 Dist. Burdwan ([illegible] 25.10)

SOUTH

- VICE-PRESIDENT (Marketing) * Madras * *Sal* Rs.1,00,000 pa [illegible] perks * *Age/Qlfn* NS * MBA with 5 years experience in consum[illegible] durables marketing * *Reqd* Ability to achieve targets in record ti[illegible] appetite for innovative marketing * *Cont* The Chairman, Rea[illegible]ymoney, 119 Dr. Radhakrishnan Salai, Madras 600 004 (BI - 30.1[illegible]
- MANAGING DIRECTOR/CHIEF EXECUTIVE * Bangalore * *Sal* N[illegible] *Age/Qlfn* NS * Post Graduate in Management * *Reqd* Responsib[illegible] for overall management and administration of Hospital with 18-[illegible] years experience * *Cont* The Managing Director, Indian Hospita[illegible] Ltd, Ali Towers, III floor, 'G' Block, 22 Greams Road, Madras 600 0[illegible] VICE-PRESIDENT (Manufacturing) * Bangalore * *Sal* NS * *Ag*[illegible] *Qlfn* NS * Degree in automobiles/mechanical engineering * *Re*[illegible] Streamlining manufacturing procedures and overall charge of [illegible] manufacturing operations. 15 years experience * *Cont* Sipani Aut[illegible]mobiles Ltd, Tumkur Road, Bangalore 560 022 (BI - 30.1[illegible]
- PRESIDENT * Madras * *Sal* Around Rs.3 lakh per annum * *Age/Ql*[illegible] 45-50 years * NS * *Reqd* Business Manager with excellent entrepr[illegible]neurial capabilities, management skills, excellent financial & i[illegible]ventory management skills * *Cont* M. Madhusudan, Gener[illegible] Manager, ABC Consultants Pvt Ltd, 4 Jagannathan Street, Madr[illegible] 600 034 (TOI - 30.10)

OVERSEAS

- GENERAL MANAGER (Electronic Projects) * Singapore * *Sal* A[illegible]tractive * *Age/Qlfn* NS * Electronic Engineer from well known u[illegible]versity * *Reqd* Fully conversant with industrial/Import-Expo[illegible] policies of government of India * *Cont* P.S.Chohan (President[illegible] AIMS Management Consultants, 42 Veer NarimanRoad, Bomb[illegible] 400 023 (BI - 30.10)

xecutive positions

TOI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

ATIONAL

IANAGER (Production Planning & Control) * Hosur * *Sal* Com-
ensurate with qualification and experience * *Age/Qlfn* NS * Grad-
ate in Mechanical Engineering * *Reqd* 15-20 years of experience in
roduction planning * *Cont* The Personnel Manager, Asian Bearing
td, Berikai Road, Belathur 635 124 Hosur Taluk, Dharmapuri
Dist. (H - 2.11)

EPUTY GENERAL MANAGER (Engineering Services) *
hubaneshwar * *Sal* Scale 3,000-3,700 + perks * *Age/Qlfn* 55 years
Degree in any branch of engineering * *Reqd* 19 years experience in
lumina/Aluminium industry, well versed in strategies and direc-
on in all departments of engineering services * *Cont* Senior Per-
onnel Officer (Rectt.) National Aluminium Co Ltd, IDCO Tower
10th floor), Janpath, Bhubaneshwar 751 007 (S - 25.10)

ENERAL MANAGER (Finance) * NS * *Sal* Rs.2500-100-3000 +
erks under company rules * *Age/Qlfn* 45 years * Chartered Ac-
ountant * *Reqd* 15 years experience with 5 years in senior position.
xperience on computerised systems desirable * *Cont* The Dy. Gen-
ral Manager (Personnel), Indian Drugs & Pharmaceuticals Ltd,
OPL Complex, Delhi-Gurgaon Rd, Dundhera, Gurgaon 122 016
IT -26.10)

RODUCTION MANAGER * Calcutta * *Sal* NS * *Age/Qlfn* NS * Grad-
ate Chemical or Mechanical Engineer * *Reqd* Experience from
2-15 years. To be in charge of process manufacturing set up. * *Cont*
lax Packaging Ltd, Birla Building, 2nd floor, 9/1 R.N. Mukherjee
oad, Calcutta 700 001 (TOI - 26.10)

ANAGER (Group Finance and Legal Cell) * Bangalore * *Sal* At-
active * *Age/Qlfn* 35-40 years * Qualified Chartered Accountants -
lditional legal qualifications preferred * *Reqd* 10 years relevant
perience. To be responsible for all financial and legal matters *
ont The Vice-President (Pers. Admn), Dodsal Ltd, Navneen Com-
ex (6th floor), 14 M.G.Road, Bangalore 560 001 (TOI - 27.10)

ROJECT MANAGERS * All-India * *Sal* NS * *Age/Qlfn* NS * BE
Civil) * *Reqd* 15 years experience in construction of large indus-
al projects. Knowledge of PERT, CPM planning desirable * *Cont*
General Manager, Simplex Concrete Piles (I) Pvt Ltd, 12/1 Nelli
ngupta Sarani, Calcutta 700 087 (S - 29.10)

HIEF MARKETING MANAGER * Delhi * *Sal* Rs.2,250-2,750 +
rks * *Age/Qlfn* 40-45 years * Degree in Engineering/MBA with
ecialisation in marketing * *Reqd* 15-20 years experience * *Cont*
ngaigaon Refinery & Petrochemicals Ltd, P.O. Dholigaon, Dist.
hrajhar, Assam 783 385 (BI - 30.10)

EAD OF EXPORT DIVISION * NS * *Sal* Attractive * *Age/Qlfn* NS *
S * *Reqd* Knowledge of Export business and experience * *Cont*
x No. AA/304/49/1, Business India, 59 Regal Bldg, Connaught
rcus, New Delhi 110 001 (BI - 30.10)

NIOR MANAGER (Personnel service) * New Delhi/Noida * *Sal*
S * *Age/Qlfn* Below 35 years * First class electronics engineers *
qd 10 years experience in service/production functions, sound
chnical knowledge * *Cont* Box No. AA/304/LK/5, Business India,
Regal Building, Connaught Circus, New Delhi 110 001 (BI -
10)

STEMS ENGINEERING MANAGER * Bangalore * *Sal* NS * *Age/*
fn NS * Electronics Engineers * *Reqd* 5/7 years of experience in
ata communication/Networking /Office Automation * *Cont* Man-
er - Personnel, Blue Star Ltd, Sahas, 414/2, Veer Savarkar Marg,
abhadevi, Bombay 400 025 (BI - 30.10)

ANAGER FACILITIES * New Delhi * *Sal* Attractive * *Age/Qlfn* NS *
S * *Reqd* 5-7 years experience in servicing micro-processor based
equipment * *Cont* Deep Bisen, Executive Director, ITV Co Pvt Ltd, E-4 Hauz Khas Village, New Delhi 110 016 (BI - 30.10)

- SYSTEMS ANALYST * New Delhi * *Sal* Rs.65,000 p.a. * *Age/Qlfn* Below 28 years * Engineers or MBAs * *Reqd* Experience with computers, knowledge of COBOL, experience on DEC equipment * *Cont* Manager (HRD), American Express Bank Ltd, Travel Related Services, 8th floor, Hindustan Times House, New Delhi 110 001 (BI - 30.10)
- INDUSTRIAL ENGINEERING MANAGER * Bombay * *Sal* NS * *Age/Qlfn* 32-37 years * Electronics Engineer * *Reqd* Experience in production engineering, plant engineering, facilities engineering in the computer/electronics industry * *Cont* The General Manager (HRD), Crompton Greaves Ltd, 1 Dr.V.B.Gandhi Marg, Bombay 400 023 (BI - 30.10)
- MANAGER (HRD) * Hyderabad * *Sal* NS * *Age/Qlfn* NS * Civil Engineer with MBA qualifications from IIM/XLRI/TISS * *Reqd* Responsible for manpower, planning, recruitment, training and implementation of HRD policies * *Cont* The Managing Director, Indian Hospitals Corporation Ltd, Ali Towers, III Floor, 'G' Block, 22 Greams Road, Madras 600 006 (BI - 30.10)
- PRODUCTION MANAGER * Faridabad/Bangalore * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* Extensive shop floor experience in an engineering industry * *Cont* To Manager - Manpower Planning & Development, Asea Brown Boveri Ltd, Sona Towers, 71 Miller Road, Bangalore (TOI 30.10)

OVERSEAS

- MARKETING EXECUTIVES * Nairobi/Mombasa * *Sal* Attractive + accommodation * *Age/Qlfn* 23-30 years *Graduates with diploma in Marketing * *Reqd* 2-3 years experience at supervisory level sales and marketing * *Cont* House of Perfumes, P.O.Box 297, Dubai, United Arab Emirates (BI - 30.10)
- EXECUTIVE CO-ORDINATORS * Dubai * *Sal* Attractive + accommodation + car * *Age/Qlfn* 35-40 years * MBAs * *Reqd* 5 years experience * *Cont* House of Perfume, P.O.Box 297, Dubai, United Arab Emirates
- BRANCH MANAGERS * Nairobi/Kenya * *Sal* NS * *Age/Qlfn* 35-40 years * MBAs * *Reqd* 10 years experience in sales and marketing * *Cont* House of Perfume, P.O.Box 297, Dubai, United Arab Emirates (BI - 30.10)


Industrial establishments


Hotels


Airlines

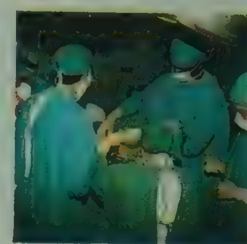

Railways


Paramilitary forces


Flight caterers


Ordnance factories


Shipyards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Aurelec, which has now built up the best customer service and support network in South India, has more branch offices – staffed with experienced engineers, and well stocked with spares – than any other computer vendor. And still more are on the way, to provide efficient service to an ever growing list of prestigious users.

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A well known company with an annual turnover around Rs. 500 crores is in the process of diversifying its business and proposes to enter into leasing and financing business. It would like to recruit an outstanding professional with sound commercial sense to head the activity.

The selected person is likely to be a qualified accountant or banker who has good exposure to negotiating funds from banks and institutions or has been handling similar work in an existing reputable company. The ability to deal with people at the highest levels is considered essential.

The incumbent would be expected to identify appropriate market segments, and suitable sources of finance, negotiate the lease arrangements and procure the required financing facilities, establish the systems, etc. to make the new venture a success.

Please apply in the strictest confidence including full details of age, qualifications, experience, phone number, etc. to:

MSG

MR. ASHOKE BAHL
Director
MANAGEMENT SERVICES GROUP
14 Kautilya Marg
Chanakyapuri
New Delhi-110021

SMML

THE SREE MEENAKSHI MILLS LTD.

SMML is part of the DALMIA GROUP which is a diversified conglomerate, turnover in excess of Rs. 500 crores and has interests in chemicals, tobacco, dairy products, textiles, resorts, TV programmes, advertising, petrochemicals, electronics, growth funds, and many more areas. SMML with a current turnover of 45 crores, has 3 manufacturing plants in Tamil Nadu at MADURAI, PARAVAI and MANAPARAI with a strength of over 4000 personnel and has ambitious plans to achieve a turnover of Rs. 70 crores in 1991-92. The Company's product range includes production of cotton yarn, staple fibre yarn, polyster cotton blended yarn and grey fabric and is well accepted in the domestic/international markets. Today, the composite installed capacity at SMML is approx. 1,00,000 SPINDLES, 300 LOOMS AND 400 ROTORS.

EXECUTIVE DIRECTOR

As the PIVOT of a multi unit Company, he will be directly accountable for achieving PROFITABILITY, GROWTH & DIVERSIFICATION objectives of the Company. Will have to build upon the existing organisation structure, effectively integrate the working of a professional team and implement a strong management information system. He will be **headquartered at Madurai** and report to the Managing Director.

The ideal person would be a STRONG TECHNOCRAT with sound COMMERCIAL ACUMEN. He should have substantial experience in the cotton textile industry with a good understanding of various aspects of cotton blending. Alternatively, CAs/MBAs (Finance Specialisation) who have made it to the helm in the industry would also be suited for the assignment. The selected incumbent must have outstanding managerial skills, keen business insight and exemplary leadership qualities.

ASPIRANTS SHOULD ALREADY BE HEADING A PROFIT CENTRE IN THEIR CURRENT ASSIGNMENT. Preferred age is around 40 years.

GENERAL MANAGER – WORKS

He will have INTEGRATED responsibility for ensuring high performance achievments in the area of product quality, plant operations, technical functions, commercial, personnel, administrative and liaison functions at the FACTORY. Will have to demonstrate the ability to function AUTONOMOUSLY, provide mature leadership to the Unit and motivate his team to progressively higher levels of performance. Should be capable of implementing an effective management information system. He will be headquartered at any one of the three factories at **MADURAI, PARAVAI** and **MANAPARAI.**

Applicants should be B.TECHs in Textile Technology and should already be holding a No. 1/No. 2 position in a leading cotton textile unit with emphasis on spinning, known for its professionalism & commitment to product quality. Must have sound ADMINISTRATIVE, TECHNICAL & PEOPLE HANDLING skills. Preferred age is around 35 years.

The salary and benefits package is structured competitively and successful candidates can look forward to rapid career growth in existing/proposed new ventures.

Write within 7 days to:

B R Grover Director – Personnel
DALMIA (BROS) PVT LTD.
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General Manager (Marketing) Delhi/Udaipur

He will be responsible for the entire marketing function of the organisation. Thorough knowledge and proven experience in launching new products is essential. A keen understanding of pricing and promotional strategies will be appreciated. He should have hands-on experience with leading advertising agencies.

Job responsibilities include setting up of regional offices, establishing a dealer network and leading a team of high calibre, professionals.

Preferably an MBA 35 to 45 years of age, with at least 15 years experience in marketing. These should include 7 to 8 years as chief of marketing in consumer products/durables.

Regional Managers — 4

These managers will assist the General Manager (Marketing) in implementing strategy and will be responsible for meeting the marketing and sales objectives of their specific territories.

Preferably MBA's with 8 to 10 years of experience in reputed organisations.

Compensation package will be tailored to suit individual requirements and it will not be a constraint for the right candidate. All positions are transferable to Udaipur. Please send your resume along with a recent passport size photograph, in 15 days, marking the envelope & enclosures with the job title to :

The Managing Director
Polar Marmo Agglomerates Limited
A-2, Sector-V, NOIDA-201 301
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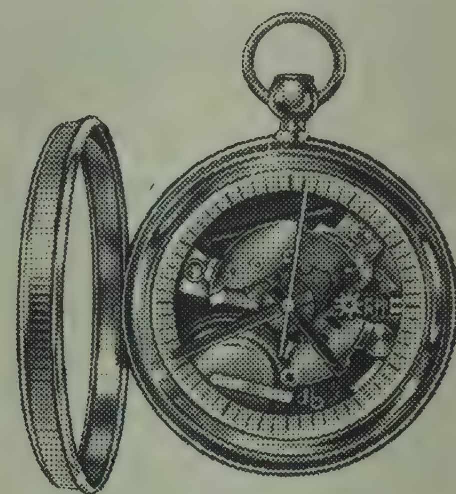

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Professionals, who will be expected to streamline multi-product, multi-batch manufacturing systems, to clockwork precision.

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You will be in charge of all manufacturing, quality and production engineering activities.

You will be capable of withstanding stress in a competitive environment, and have the ability to motivate, monitor and lead your subordinates.

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Interested candidates may apply with resumės on A4 size paper to:

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Jayalakshmi Estates
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Applicants must be CAs/MBAs/Engineers with 5-10 years sound commercial experience in professionally run Companies. Preferred age 30-35 years.

The Unilever Group in India has a common pool of management resource which enables it to offer considerable career opportunities including international exposure for those with potential. Selected candidates can expect to be posted anywhere in India and will receive an attractive remuneration package which includes housing.

If you are interested in a career with us, do reply indicating the publication on the application and enclosing the resume, superscribing the position applied for on the envelope, which should be addressed to: Selection Manager, Hindustan Lever Limited, P.O. Box 409, Bombay 400 001.

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for
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A fast expanding, Hongkong based NRI Group with a successful record of entrepreneurial zeal and enterprising management will shortly put up in India new projects for the manufacture of sophisticated Bearings, Bearing Units like Pillow Blocks and Flange Units, Steel Balls and Chains & Sprockets and other Mechanical Transmission Components. The Indian Companies have already been registered and preliminary work has commenced.

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The Group will be recruiting Poject Mangers for each of the Projects. They will be responsible for facilitating technology transfer and ensuring effective project implementation. Specifically, they will be accountable for interface with collaborators, project procurement, vendor development and contract negotiations. They will also assist in the preparation of feasibility reports and various applications to the Financial Institutions.

Applicants should be Mechanical Engineers with 12/15 years project related experience of which at least 2/3 years should be in similar or allied project areas that the Group is contemplating. Good negotiating and human relation skills are absolutely essential.

The Group beleives that human resources are its greatest asset and offers excellent career advancement opportunities. The compensation package will be handsome and will be negotiated to attract and retain the best available talent.

Please write in strict confidence within 10 days with a detailed resume to

Box No. AA/305/LQ/1, **Business India,** Krishna Villa, 100 Park Street, Calcutta-700 017.

We are a professionally managed public limited company, part of a diversified Business Group with a turnover in excess of Rs. 30 crores. We are the market leaders in the field of Mechanical Seals, having a financial and technical collaboration with EG & G SEALOL USA. We have also diversified, with excellent foreign tie ups, in the field of Bellows Sealed Valves, Lined Butterfly Valves, Flexible Diaphragm Couplings, High Pressure Gate & Globe Valves and Quick Release Couplings. To maintain the pace of growth and product leadership, we are looking for dynamic result-oriented professionals in the following areas, at our factory in Pune.

1. MANAGER (MATERIAL SOURCING)

A major thrust on exports is planned. Exports would be to developed countries. The job entails identification of reliable quality conscious manufacturers who need support in exporting their products. The person selected shall be responsible for all sourcing aspects of the export activity. He must have a highly developed techno-commercial acumen, should be meticulous in planning and excellent in communication. The ideal candidate will be an engineer with at least 5 years senior level experience in a reputed Trading/Export House. The incumbent will report to the Managing Director. **Age around 35 years.**

2. MANAGER (COMMERCIAL)

The person selected shall be responsible for all commercial documentation and procedures relating to exports. He should be aware of all the latest amendments and notifications relating to export and import procedures. The ideal candidate would be a graduate, preferably with a management qualification, with at least 5 years senior level experience in a reputed Trading/Export House. The incumbent will report to the Managing Director. **Age around 35 years.**

3. MANAGER (FINANCE & ACCOUNTS)

The person selected shall be responsible for the entire financial planning and control of the export activity. He shall be responsible for the financial accounting, budgets, cash flow monitoring, liaison with banks. Ability to handle taxation and company law matters independently would be a distinct advantage. The ideal candidate shall be a mature finance professional with requisite qualifications and at least 5 years senior level experience preferably in a reputed Trading/Export House. The incumbent will report to the Managing Director. **Age around 35 years.**

4. MANAGER (LIAISON)

The person selected shall be responsible for co-ordinating all activities relating to visits of foreign delegates. He shall be required to accompany the delegates while they visit India. The person selected should be an outgoing, pleasant and well-read individual. Ability to speak in Russian Language would be a distinct advantage. Experience of around 5 years in a similar capacity in a reputed Trading/Export House desirable. The incumbent will report to the Managing Director. **Age around 35 years.**

GENERAL

EMOLUMENTS ARE NOT A LIMITING FACTOR, and shall be commensurate with merit and experience.

Please apply within 10 days, giving detailed Bio-data, emoluments drawn/expected and a passport size photograph. Address your application to :

Lt. Col. J Kumar, Consultant

SEALOL HINDUSTAN LTD.

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We are looking for a graduate/post-graduate in Mechanical/ Electrical/ Electronics/ Microwave Engineering. He should have over 10 years' similar R & D experience in a medium/large industry.

The selected candidate will be working in a recognized R & D set-up (equipped with state of the art equipment)— in the field of microwave engineering. He must be capable of leading a team of dedicated engineers and technicians. He will be responsible for the development of new appliances and technologies. He will also have to keep abreast of latest international technologies and equipment.

MANAGER — QUALITY ASSURANCE

(Ref: MQA/89)
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The selected candidate must be capable of evolving quality assurance methods and systems to ensure zero-defect equipment.

R & D ENGINEERS — ELECTRONICS (DIGITAL INSTRUMENTATION)

(Ref: EED/89)
We are looking for engineers with proven excellence.

The selected candidates must have 5-7 years' experience in microprocessor-based Design of Digital Control Circuits. They should have worked in the R & D division in a large/medium engineering company.

R & D ENGINEERS — MECHANICAL/ELECTRICAL

(Ref: EME/89)
We are looking for engineers with minimum 2 years' R & D experience in a large/medium engineering company.

PRODUCT DESIGN ENGINEER

(Ref: EPD/89)
We are looking for an engineer with a specialization in Product Design from a reputed institute.

The selected candidate will be part of the R & D team. He will work in the area of product designing, consumer applications and product development.

The above are key positions in the R & D/QA Division. If you're interested in working in a highly competitive environment, please send your bio-data, recent passport-size photograph, a brief note on your R & D achievements, with present and expected emoluments — superscribing the envelope with Ref. No. of the post applied for within 10 days to:

Director,
M/s. Microwin Electronix Ltd.,
Post Bag No: 36, H-22/E-3, Arera Colony
Bhopal 462 016 (MP)

MAA COMMUNICATIONS-BOM-ME/110

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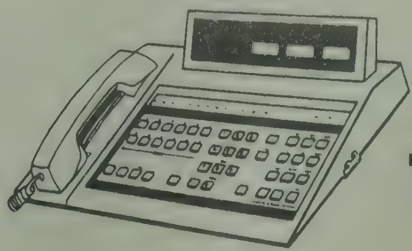

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If you feel you are one of the individuals who can contribute to our growth, then we would like to hear from you. Convince us that you can absorb technical facts quickly, make decisions, handle details and make effective personal presentation to sophisticated customers, and we will teach you the rest.

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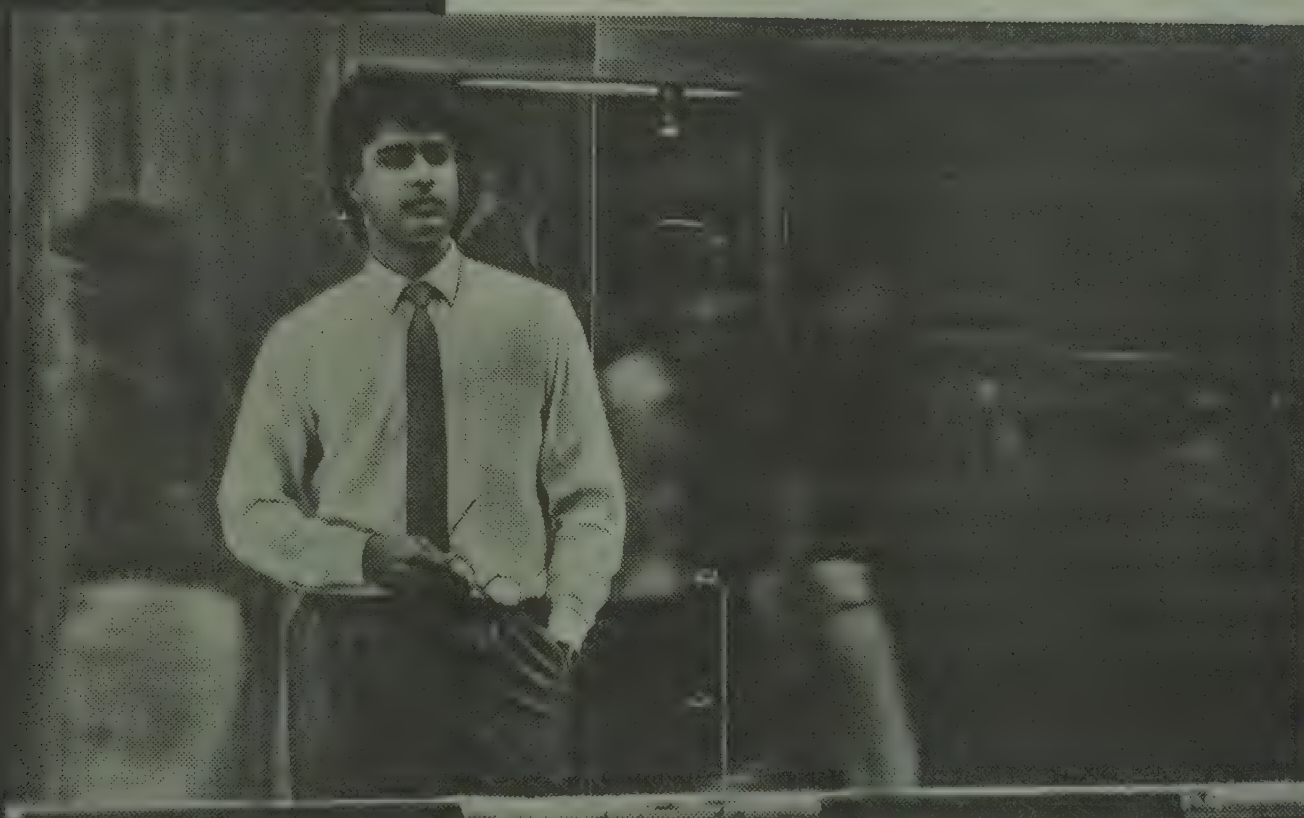

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MARKETING MANAGER:

Responsibilities include ensuring growth in sales of the unit's products which cater largely to the international market. Key areas of the job would entail development of export markets, travelling and senior level customer contact and receivables management. MBA PGDIT (IIFT) with 7-8 years experience in similar field.

Experience can be relaxed in case of deserving candidate. Apply with detailed bio-data and passport size photograph within 10 days to:

Affiliated Medical Equipments Ltd.
XXXV/2455, 'Benshaam', Karimpatta Cross Road,
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The Director
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Our client is a rapidly growing, high-profile group with interests in the service and manufacturing sector. The group has ambitious diversification plans that would enable it to reach a turnover of around Rs. 100 crores over the next 5 years.

The group wishes to recruit a Chief Executive to head the entire operations of a company in the service industry. The service company is an independent corporate entity with a turnover of around Rs. 25 crores and has been characterised by high growth, aggressive marketing and efficient operations/networks.

This is a top management position with independent control of the company operations and involves day-to-day supervision over the three key departments — Operations, Marketing/Sales and Finance/Administration. Given the ambitious growth plans of the group, this position offers good growth prospects in terms of additional control over other group companies at a later date.

Candidates should be dynamic individuals with at least 5-7 years solid general management experience and a strong commercial orientation. Effective man-management and entrepreneurial skills are a pre-requisite for the job. Experience in independently handling divisions/profit-centres either in the services industry or in high growth companies would be a distinct advantage.

Candidates should be below 40 years of age since the company is characterised by a young management team.

The company offers an attractive compensation package in confirmity with such senior positions in industry. Housing could be considered for exceptional candidates.

Please apply in strict confidence within 10 days to:
A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. Applications and envelopes should be marked "Ref. MS/5259".

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The Joint Venture Company is promoted by Dodsal Group of Companies for providing specialised services to the Indian ferrous and non-ferrous industries.

The incumbent should be a qualified Chartered Accountant and should have atleast 15 years experience in a reputed engineering/construction Company, of which the last 5 years in a responsible senior position. Apart from developing accounting, control and information system for effective financial control of this new venture, he will also control and associate with Procurement and Contract Administration activities of the Company.

Attractive compensation package would be offered, commensurate with qualification and experience.

Application giving full details of qualifications, experience, age, salary drawn, salary expected, and contact address should be sent within 7 days to:

The Vice President (Pers. & Admn.)
DODSAL LIMITED,
Naveen Complex (6th Floor),
14, M. G. Road,
BANGALORE-560 001.

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(Real Estate)

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Our client, one of the most reputed groups in the country, needs a Vice President Marketing for their corporate office at Delhi. The group has diversified business interests and the Vice President is required for one of their companies in the Real Estate industry.

The incumbent shall head all India sales and marketing activities and would be assisted by a team of senior managers. Important aspects of the job include market research, identification of new development projects & business opportunities including their economic analysis, advertising, sales promotion, organising sales, sales force management, strict monitoring of sales realisations etc. Should be preferably an MBA with specialisation in marketing and considerable relevant experience preferably in the marketing of services. A proven track record in sales & marketing, high degree of integrity & ability to get along well with people are essential requirements of the job. Preferred age group: 40–45 years.

This is an outstanding opportunity to join a highly growth oriented organisation offering tremendous challenge and career advancement prospects. **THE SALARY PACKAGE FOR THIS KEY POSITION IS NEGOTIABLE AND WILL BE DESIGNED TO ATTRACT AND RETAIN THE BEST TALENT AVAILABLE.** Please apply in strict confidence **IMMEDIATELY** marking the envelope and enclosures with the job title and code: 8943.

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Apart from salary the incumbent shall be eligible for company car, telephone, P.F., LTA, gratuity, insurance etc. A better package can be considered for a deserving candidate.

Please apply in strict confidence, giving bio-data and a resume on career achievements, within fifteen days to:

MANAGING DIRECTOR
KERA SINTER LIMITED
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We have been retained by a large reputed and professionally managed organisation engaged in manufacture & marketing of various consumer durables, to select a Deputy General Manager-Technical to be based at Delhi. Major product innovations and development are also being envisaged. The organisation's products enjoy **an excellent brand image** throughout the country.

Reporting to the Head of Technical operations, the incumbent will be totally responsible for the **performance and profits** of the assigned specific product groups. Key responsibilities will include product & vendor development, setting up of manufacturing facilities, production planning, establishing & supervising production, implementing stringent quality control measures, man-management besides the overall administration and R & D functions. The ideal candidate would be a First Class Mechanical/Electrical Engineer from a reputed institute with 7 to 10 years experience possessing leadership qualities to lead a team of technical professionals. Age Below 35 years.

The Company offers a challenging and satisfying career for ambitious personnel, with attractive remuneration and liberal perks like HRA, Company Car, House Furnishing Subsidy, LTA etc. Please apply with detailed bio-data within 10 days quoting job title & code : DGT/DEL/935

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YOU are a dynamic professional with a sound knowledge of the Indian academic and R&D environment. With imagination and drive to take up the challenge of quadrupling sales in 3-4 years.

Emoluments are attractive and will include a performance based incentive.

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The incumbent will be responsible for the sales function of North, West and Central regions which will include achieving product-wise region-wise targets, sales administration, planning and implementing innovative strategies, merchandising and sales Promotion activities, guiding and motivating Regional Managers and field staff to achieve their objectives. He will report to the General Manager (Marketing).

Applicants should be graduate with 10-12 years experience in the branch/regional sales management of fast moving consumer products in reputed companies. Experience in working in the regions specified above will be an added advantage.

Preferred age : 35-40 years.

Please apply with full bio-data within ten days to :

The Personnel Department,
M/s. JAYA FOOD INDUSTRIES PVT. LTD.
Post Bag No. 14,
Himayatnagar,
HYDERABAD - 500 029.

ELECTRIC CONTROL GEAR (INDIA) LTD., located at Ahmedabad, is engaged in manufacturing and marketing of Low Tension Switchgear products in technical collaboration with a Dutch company. The company proposes to introduce several new products and double its current turnover of around Rs. 8 crores in the next 3 years.

WORKS MANAGER

Ahmedabad — (MS/5231) — **Attractive Salary + Car + House + Perks**

This is a Senior Position reporting to the Vice President/General Manager (Technical). The incumbent will be in charge of all manufacturing activities for standard products as well as tailor made systems.

Candidate should be a degree holder in Electrical/Mechanical Engg. from a reputed institute with around 15 years experience in relevant areas. Experience in Tool Room will be an added advantage. The incumbent should be adaptive, innovative and possessing drive and initiative. Strength in the area of Man Management would be necessary to supervise about 200 employees. Preferred age : 35-40 years.

DEVELOPMENT MANAGER

(MS/5232) — **Attractive Salary + Car + House + Perks**

Ahmedabad

This is a newly created position reporting to the Vice President/General Manager (Technical). The incumbent will be responsible for implementing a project for manufacture of a new range of products in technical collaboration with a foreign company. This will involve transfer of technology, setting up of production line and all other related activities. He will have to develop his own team commensurate with the progress of work.

Candidate should be a degree holder in Electrical Engg. from a reputed institute with minimum 15 years experience in relevant areas. Persons with M.E./M. Tech qualifications will be preferred. The incumbent should be innovative and possessing drive and initiative. Preferred age : 35-40 years.

Please apply in strict confidence within 10 days to :

A.F. FERGUSON ASSOCIATES
BOX NO. 1786
BOMBAY - 400 001.

giving full details of age, qualifications, experience and salary drawn. All applications and envelopes should be marked with the relevant MS reference numbers.

'Government should encourage modernisation'

S.G. Rangan *has just assumed charge as president of the Indian Pulp and Paper Technical Association (IPPTA). Given the upswing in the paper industry, he feels that it is time now to decide on the appropriate technology for modernisation of the industry. Rangan, who is also an advisor to the Madras-based Seshasayee Paper and Boards Limited, spoke to Dharani K. Pani of* Business India *in Madras. Excerpts from the interview*

On IPPTA's role and objectives.
IPPTA was founded in 1964 by V. Poddar to provide a forum to paper technologists for discussion and problem-solving relating to the technology aspect. Its current objective is to assist the industry in improving productivity and to identify appropriate technology for the processing of non-conventional raw material such as bagasse and other agricultural residues.

In order to facilitate the inflow of state of the art technologies, IPPTA maintains close links with similar technology associations, the world over.

Will the present upswing in the paper industry be a lasting one?
The upswing has occurred because of market demand, resulting from lower production. In order to generate greater demand, the government must now encourage modernisation of the industry, and it should assist the industry in getting raw material at a reasonable price. Further, in instances where agricultural residues meet 50 per cent of raw material needs, full excise rebate should be given. The industry, should be given concessionary finance through soft loans.

In the absence of an adequate supply of soft woods, how can the raw material problem be alleviated?
The emphasis should be on encouraging the utilisation of agro-based products and residues through excise duty exemption. Bagasse technology has now been refined to suit our purpose, though more R&D has to be done in perfecting it. The duty on imported waste paper, now pegged at 15 per cent, should be done away with. Appropriate technology for the de-inking of newspapers should be either developed locally or imported.

A semi-government organisation should be floated to handle the collection and recycling of waste paper in a systematic manner. According to estimates, out of the total paper produced, only 5 per cent is preserved as documents. The remaining 95 per cent should come back as waste, but this does not happen because of a faulty collection mechanism. Further, the recovery rate is poor at 14 per cent. With improved processes, this can easily be increased to 40 per cent.

Is the idea of captive plantations for paper mills workable?
The government should set aside land, even degraded land will suffice, for captive plantations. Given the estimate that a 100 tpd mill will need 1,700 hectares to meet its needs, about 2 per cent of the total forest area will be required for this purpose. The government can remain the owner or a co-partner in this enterprise, especially since several acts regarding ownership of land prevent industry from getting into this activity (of captive plantations). Tissue culture and genetic engineering for the growth of man-made plantations should be resorted to. However, the suggestionsthat paper mills should tie up with private parties like sugar mills for this purpose is not workable, given the longer gestation period for the growth of casuarina, bamboo and other wood.

What are the problems relating to the greater use of bagasse as raw material?
Sugar mills still use bagasse as a cheap source of fuel, so arrangements have to be made to supply these mills with an alternative fuel, in order that paper mills may get adequate quantities of bagasse. The total availability of bagasse for paper mills is still 4 per cent of the entire quantity produced.

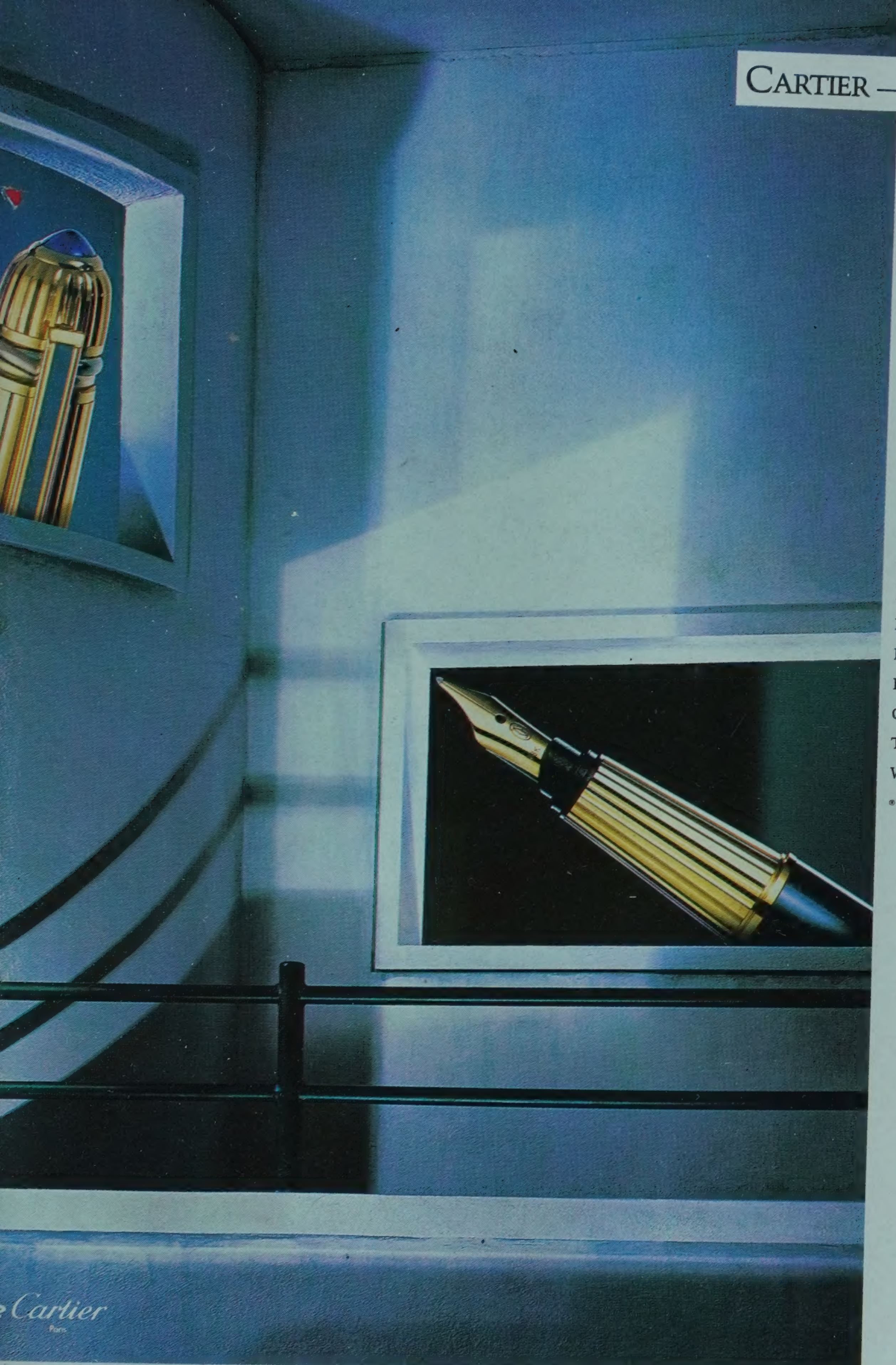
Is the spending on R&D adequate? Is there sufficient interaction between the industry and the research institutions in identifying technolog
The spending on R&D is meagre, and is pegged at 0.3 per cent of the gross valu of output, against 2.5 per cent to 3 per cent in developed countries. This percentage should be increased to 2 per cent. The Central Pulp and Paper Research Institute (CPPRI) at Saharanpur is among the few institutions in India, actively involved research. But there are very few takers from the industry willing to absorb suc findings or technology.

Another deterrent in the Indian context is the investment that such absorption entails. Therefore banks an financial institutions should provide s loans for modernisation. In addition to the CPPRI, one more research institute should be set up at Hyderabad.

Import of technology should be restricted to appropriate and relevant technology. Manufacture of machinery for the paper industry is still inadequa

How does the industry fare with regard to pollution control?
The effluent is not toxic but is coloured and contains deposits of sodium. Most the larger mills have a chemical recov plant, so the levels of pollution are no alarming. But small mills do not have the facilities for soda recovery, as the investment involved is Rs.6-7 crore for 30 tpd plant. IPPTA is working on this problem.

How can the problem of shortage of newsprint be tackled?
Provided excise duty is waived, paper mills in the country can be induced to produce newsprint to constitute 10 per cent to 15 per cent of their total production. This can then be sold through the Registrar of Newspapers,



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